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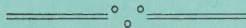
of the

**Select Committee of the Ontario
Legislature appointed to enquire
into matters concerning certain
Divisions of the Department of
Highways.**

MR. A. KELSO ROBERTS, Q.C., CHAIRMAN

PRESIDING.

MR. V. J. JOHNSON, SECRETARY.



VOLUME III

Tuesday, May 18th, 1954.

Toronto, Ontario.

T H I R D D A Y

Toronto, Ontario
Tuesday, May 18th, 1954.
10:30 o'clock, a.m.

1990 1991 1992 1993 1994

The further proceedings of this Committee reconvened, pursuant to adjournment.

P R E S E N T :

Mr. A. Kelso Roberts, Q.C. Chairman,
Presiding.

Messrs. Hon. Dana Porter, Q.C.,

Mapledoram,

Herbert,

Collings,

Beckett, Q.C.,

Janes,

Dent,

Grummett, Q.C.,

Oliver,

Wren,

Mr. L. R. MacTavish, Q.C., Committee Counsel,

Mr. V. J. Johnson, Secretary.

APPEARANCES:

Hon. G. H. Doucett, Minister of Highways

Mr. M. A. Elson, Deputy Minister,
Department of Highways.

Mr. H. A. Cotnam, F.C.A., (Provincial Auditor)

Mr. G. H. Spence, Deputy Provincial Auditor.

Mr. G. K. Carr, Clarkson, Gordon, Dilworth Co.

Mr. D. C. Scott, Clarkson, Gordon, Dilworth Co.

Mr. W. L. Gordon,)

Mr. Duncan Gordon,) Representing Messrs.

Mr. L. S. Cummings,) J. D. Woods & Gordon

Mr. E. H. Orser,) Ltd.

Mr. R. A. Read,)

Mr. Peter Wright, Q.C., for Hon. Mr. Winters,
Minister, Federal Department
of Public Works.

Mr. F. R. Duncan, for the Liberal Opposition.

Col. J. M. Muir, Association of Professional
Engineers.

Mr. R. D. Jennings, for Standard Paving Co.

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THE CHAIRMAN: Gentlemen, let us come to
order.

I would like, with the permission of the
Committee, to call to the witness stand Mr. Millar, to
deal with a few points, and then he may step down, and
Mr. Gordon can finish the work he is doing, and then
Mr. Millar could be recalled to continue with any
general discussion which may be desired.

As I intimated yesterday, it is essential for
a proper understanding of the summary of Mr. Cotnam's
statement regarding contracts, the letting of tenders,

the amounts, and the total amounts, to have some explanation, and Mr. Millar, as the Deputy Minister during all this period, should be in the best position to give that information to the Committee, and with the permission of the Committee, I will call him to the stand.

MR. OLIVER: What is the urgency, Mr. Chairman?

THE CHAIRMAN: In order that the public, and others interested; may have a proper perspective, and not a one-sided impression such as was given yesterday in the references in the newspapers.

MR. OLIVER: You are going to do what with all the items?

THE CHAIRMAN: No, in connection with the 1950 contracts.

MR. JANES: How did a newspaper 100 miles away have a complete story of the report yesterday morning, before we received it? I think this Committee was certainly "double-crossed" in some way. I do not like that at all.

THE CHAIRMAN: To which reports are you referring?

MR. JANES: Mr. Cotnam's report and Mr. Gordon's report. I had a long distance call this morning telling

me that the reports were in the papers which were on the street at 10:00 o'clock yesterday morning.

THE CHAIRMAN: I do not think there were any releases of the contents of these reports before they were tabled before the Committee yesterday.

MR. JANES: The papers which were printed early yesterday morning had these reports.

THE CHAIRMAN: The reports were tabled at 10:30. Is there any representative of the Press who released any part of the reports? I have never known the Press yet to violate any arrangement or undertaking they made.

MR. JANES: I got a long distance call about it yesterday, that the reports were in the paper which was on the street at 10 o'clock.

J O H N D A V I D M I L L A R,

Deputy Minister of Public Works, former Deputy Minister, Department of Highways, called, and being duly sworn, testifies as follows:

BY THE CHAIRMAN:

Q Mr. Millar, at this point I am going to ask you to deal with the contracts appearing in the schedules to Mr. Cotnam's report, with relation to tenders, bids, and final allowances. There may be other matters about which

this Committee would like to talk with you in regard to the Department, but at this point we will deal with those only, because, as you know, Mr. Gordon is in the middle of the presentation of his report.

A Yes, sir.

Q You were here yesterday, Mr. Millar, and you know the background of the evidence which is now before the Committee in relation to this, and I will let you just go ahead and explain it, and if any questions are necessary, they can be asked as we go along.

A In the final page of the Auditor's Report, you will note an item of \$33,507,000., as the amount of some 212 contracts, if my memory serves me right. They are listed by department numbers.

I might explain that "50-1" represents the period of the year in which they were issued. In other words, "50-1" would be one in early January, and "50-235", for instance, would be probably toward the end of December, at the end of the calendar year.

For many years that has been the system of numbering used. For instance, "43-5" would be in the early part of 1943, and "48-97" would be in the middle of the year 1948.

The total of the contracts awarded amounted to \$33,507,000. There are 212 contracts there, and at

the same time, there were approximately 125 maintenance contracts in addition to the 212, which are here.

This afternoon I hope to have on the board behind me, charts from which I can illustrate the fact that the year 1950 was our peak year, when our work came to a climax, after the war. A tremendous number of contracts were on the go.

As you know, amongst that number, you will see some designated "TC", which indicates "Trans-Canada", in connection with road contracts in which we have a partnership with the Federal Government, to build a highway across the Province. That I will also illustrate this afternoon by large diagrams on the board here (indicating).

At the end of the list you will notice that the total paid on these 212 contracts is \$49,212,000.

Now, I have never been noted for my generosity in dealing with settlements of claims made by contractors, but I am a firm believer in the principle of fair play and British justice, and that a man is not guilty until he is convicted. But the statements which appeared in the Press last night were very misleading. They gave the impression that contractors had been over-paid by \$15 million. I wish to testify, gentlemen, that this is not the case. Those are over-runs on contracts ordered by

the Highways Department to a large degree, but, as the Provincial Auditor has explained, some of these contracts are under investigation. Upon those I cannot comment.

But I would draw your attention to this fact, that in regard to 26 contracts under the heading of "TC" - Trans-Canada - you will note that approximately \$9 million is involved in the Trans-Canada contracts.

BY THE CHAIRMAN:

Q Is that \$9 million --

A Over-run, yes.

BY MR. BECKETT, Q.C.:

Q How many contracts are Trans-Canada?

A I believe there are 26, if my memory serves me.

BY THE CHAIRMAN:

Q Of this \$15 million over-run, \$9 million is connected with Trans-Canada?

A Yes. With your permission I will explain those in a minute. I would like to turn to the \$6 million on contracts from the Department, which are not involved in the Trans-Canada.

If you deduct the \$9 million in connection with the Trans-Canada, from the \$49 million odd, it leaves \$40 million, and they have been over-run \$6 million. That is approximately 20 percent., gentlemen.

As you will recall the testimony of the Chief

Surveyor and the Chief Engineer at your previous session, it was stated that 15 percent., to 20 percent., over-run was to be expected on work of this type, which is a mixture of paving and grading work, a great deal of it in Northern Ontario, and I will ask you to remember that it was carried on when we were right at the very peak of our work.

Mr. Gordon's report has pointed out that we were short of staff. We still are. \$6 million has been over-run. I would like to take this occasion, if I may, to explain these one by one, but still standing by the statement that \$6 million over-run is not too far out of line.

I will omit, as I go down the line, those marked "Trans-Canada".

On the first sheet, under the heading of "Schedules of 1950 Construction Contracts," the first item which is substantially over-run is Contract 50-5, and you will note it is "Trans-Canada", so I will omit it for the moment.

Going down the line, the next contract is 50-12, which I might explain is the north end of the Barrie bypass. Contracts 50-11 and 50-12, are contracts which were going on at the same time.

In this period of 1950, the Highways Department

made a very drastic change in their practice of many years standing, as I will illustrate this afternoon by diagrams. We introduced what is known as the "granular base." As you gentlemen will recognize, pavement is a combination of two things; it is the wearing surface on the top and the supporting power underneath. I can illustrate that best by mentioning the railroads. The engine runs on steel rails, which, in turn, run on ties, which, in turn, run on ballast. When speaking of the "granular base", I am speaking of the ballast.

For many years we had laid roads right on the soil with very little base. For years it was not considered necessary to consider the weight of traffic and to lay the granular base. As we plowed the snow in the winter months, and removed the insulating power of the snow, to prevent frost entering, we were faced with entirely new conditions, and in 1949, and particularly 1950, the decision was made to include a granular base in these various contracts.

The granular base was placed on the recommendation of the Soils Branch, which at that time was just reaching its peak of proficiency. It had been introduced in 1945, and we were gradually getting together a staff of specialists, and by 1950 were giving serious consideration as to what would be a suitable and correct pavement with a

granular base. As a result, a number of the contracts in 1950 were let for roads with only a limited amount of granular base. You will recognize when you are making a cut 20 feet from top to bottom, without extensive borings, you have no way of determining what the material will be like 20 feet from the surface. But, when you get down and take samples and have them tested in the laboratory, you find they are not sufficient to carry a pavement, so the Soils Branch recommended we include the use of granular base.

A contractor has absolutely no control over the amount of granular base that is used, as that is based on the recommendation of the Engineers and the Soils Branch.

The two Contracts 50-11 and 50-12, encountered this condition at the upper end of the Barrie by-pass. An additional amount of granular base had to be used after the tests had been made, and the swamps had been thoroughly tested. I think you will agree it is good policy to do that. The highway will be there for a long time, and if not properly supported, we will just have constant trouble from break-ups in the Spring months.

Contracts 50-13 and 50-14, both held by the same contractor, C. A. Pitts, were for the by-pass about 7 miles in length from Avenue Road to Weston Road.

There were also other large contracts, as you can

see from the amount of earth which was actually measured, and the total will show the contractor was paid exactly for the amount of earth estimated in the original contract.

The situation was this: Mr. Pitts worked almost night and day. In fact, we had to stop him working during the Winter months, on orders from the Medical Officer of Health, because people were complaining they could not get to sleep, so he would knock off from midnight until 6:00 o'clock in the morning, but he worked almost night and day for nearly two years. The work neared completion in the Spring of 1952. The pressure of traffic in the North Toronto area had by that time become tremendous, so the road was opened for one line of traffic, and an effort was made to get the by-pass into operation as quickly as possible.

Under normal conditions, the Pitts contracts would have ended where they were and with the estimated quantities, but we had to get a pavement of some kind down in a hurry, and we had to lay a "mulch" pavement which is the cheapest kind there is, but it has to have a granular base under it, or it would be broken in two weeks.

Under normal conditions we would have held the paving up and called a paving contract, but one of the items was for an increase in the granular base, and we

thought as we had the contractor there, he could lay the "mulch" with his own force before he pulled out.

That accounts for the increase of \$426,000.00 and some odd dollars in regard to contract 50-14, and of some \$163,000 and some odd dollars in contract 50-13.

The next peak item you will note --

BY THE CHAIRMAN:

Q That is almost entirely the granular?

A Yes, it is almost entirely the granular. There was some additional legs on the cloverleaf fronting on it, at the request of the Township of North York. We were still putting on legs four years after the contract was let.

The next contract is 50-15, the Sutherland
from
Construction Company, for the highway/Oshawa east, what is known as Highway No. 401.

The Sutherland Construction Company would have finished their job on time, and that was a large contract. The work was proceeding in 1950 and 1951, when we were approached by the City of Oshawa, and if any of you are familiar with the councillors of the City of Oshawa, you will bear me out, when I say that a request was made for an over-pass at Wilson Avenue, which was not on the plan. The Sutherland Construction Company's contract did not include Wilson Avenue.

To meet the request of the City of Oshawa, which had some area in the Township of East Whitby when the contract was let, we built the over-pass, and had to increase the earth quantities to provide for the higher grade. I should explain that each time you increase the granular base, you raise the level of the road. Raising the level, means that all the fill has to be raised as well. You put an extra foot of width on a 22-foot road, and you have to raise your shoulders, and increase your earth quantities considerably. It not only increased the gravel and crushed stone, but you also had to increase the earth quantities, which increased the cost.

The next is number 50-19, the Hannah Construction Company, a diversion of Highway 11 at Bracebridge, and there they encountered very soft going. If you gentlemen drive up there, you will recognize that the Muskoka area is a mixture of sand and silty sand, and when they got down into silty sand, our engineers recommended large quantities of granular base should be used.

BY MR. OLIVER:

Q This was not revealed in the pre-engineering work?

A No, that is correct.

Q Why should it not be?

A Because in some instances on this contract the

cuts are up to 40 feet deep, and when you go to pave 40 feet below the level of the ground --

Q Would you say the pre-engineering was as complete as it should have been?

A I would say it was as complete as it could have been without going into very extensive deep borings, by taking machines and boring down 30 or 40 feet, and even then, you cannot determine the character of the soil.

You gentlemen who are familiar with mining have seen borings made for many feet underground, and you cannot, from a small sample, tell what the moisture content is, but when you excavate deeply that is when you find what the conditions are. A great deal of this was encountered in Contract 50-19.

Q I notice Mr. Gordon recommends more engineers; that would not have altered the situation with regard to this contract?

A I do not believe so, unless we could have gone to very extensive and very costly, and very time-consuming borings. On the Barrie highway, deep borings had been taken during the first year.

BY MR. WREN:

Q Is that not the same thing as the ones we are discussing, that they are inadequately pre-engineered?

A Almost to the same degree in 1950. We were

extremely pressed for time.

Q There was nothing left undone in the pre-engineering, which should have been done?

A We would have liked to have done a great deal more. We would have welcomed an opportunity to have had more time, but we neither had the opportunity for more time, nor the staff. We should have had time to do more extensive pre-engineering.

BY MR. OLIVER:

Q What is your reason for saying you did not have time, Mr. Millar? Who would specify that the time would be so short, that you could not do an adequate pre-engineering job?

A If I might answer in this manner, I think I can truthfully say the motorists of Ontario specified the time, by the increased number in which they were pouring onto the highways, from 1943 to 1950 -- 7 years. During that period the number of motorists had increased by 25 percent., or 30 percent., and is still rapidly mounting. Now, there are nearly 100 percent., more than there were in those years.

Q Then you would say that Mr. Gordon's recommendation is impracticable, in that it would involve too much time for pre-engineering work?

A No, I would not say that. We would welcome that.

I believe any highway engineer would welcome more pre-engineering.

Q You say you have not the time?

A It is a combination of lack of time and staff. If you have ten hands you can do a job in one day, but if you have only two hands, it will take you five days.

BY MR. WREN:

Q If the motorists continue that pressure, you will go along without the pre-engineering work?

A If we had a larger staff --

BY THE CHAIRMAN:

Q With a larger staff, you could do more pre-engineering?

A Yes.

BY MR. OLIVER:

Q Have you asked for an increase in staff?

A We have advertised for them. I have gone everywhere to try and get engineers. I have canvassed the Universities; I have interviewed the entire engineering class of Queen's University for the last 7 years regularly.

 If I may cite an example, Mr. Chairman: I was attending a meeting in Kingston in February and I called at the office of the Placement Manager of Queen's University. I found that the representative of one of the large

industrial firms had been in, and simply asked one question, "How many are you graduating this year in physics?", and the personnel representative said, "Two". The representative of the large industrial firm said, "I will take them both at \$800.00 a month". He did not enquire as to their qualifications, nor whether they were good students or poor students, but just "How many have you got?", and he said, "I will take them both at \$800.00 a month". That was for untried students.

BY MR. GRUMMETT, Q.C.:

Q What do you start your engineers at, Mr. Millar?

A I think it is \$2,900.00 and some dollars, plus a bonus -- a cost-of-living bonus.

Q That may be part of your trouble.

A To a certain degree. Yet, if we offered \$5,000.00 a year, I do not think we could get men, in competition with the offer of \$9,600., as I have described.

BY MR. WREN:

Q Have you made full use of the consulting engineering firms?

A At the present time we do.

Q I mean in regard to these contracts?

A You could not approach a land surveyor, or an engineering firm. They are loaded with work for months in advance, and in regard to the land surveyors, in some

cases, for a year. We cannot hire them. We have to train them ourselves. We have set up a training school, where we train them from top to bottom. We end up by getting qualified land surveyors, and what is the result? They were trained, and then what happens? They are snapped up by outside industry.

BY MR. OLIVER:

Q The Hydro seems to have retained and added to their personnel, and they do a very vast amount of work.

A That is true. I believe we have deferred to the Hydro in that respect, as we have in other matters, particularly cement. After the war there was only a certain amount of cement available, and if we used it for highway paving, it would not have been available for power plants and dams. And the view was taken -- and I think rightly so -- that a power plant was more important than a highway. That was one reason we had to give for the shortage of highways.

BY THE CHAIRMAN:

Q You do consult with The Hydro Commission, on these points?

A Very closely, sir. The Civil Service Commission has even taken steps to prevent scalping from one to the other.

BY MR. GRUMMETT, Q.C.:

Q Is there not another explanation? In the Hydro, the engineers are more of a class which is not required in as many fields as in the Departmental work in Ontario? You have a wider field, which comprises all of Ontario.

A To a certain degree. Our men have to cover a wide field. We run ferries, operate parks, museums, maintain highways, and picnic spots, and roadside tables. The men have to have a smattering of many things. It is not all engineering.

Many of our best maintenance men are not graduate engineers, but they have learned through the long years of experience and by precedent how to handle the jobs. Maybe, to some extent, we have a "bear by the tail", if I may use that expression.

Something was mentioned yesterday in regard to our policy of sanding. Possibly, we have gone too far. I do not know. I know public demand was very strong. If it was ^{not} done to meet all the demands, we would have 5,000 cars backed up in almost no time.

For instance, the newspapers go to Press at a certain hour, and at one time they delivered papers to the trains, for delivery in Montreal and places in between. Now, they go by a bus or truck. They own their own

trucks, and at each tobacco store there is a crowd waiting for the newspaper to come in, and if it is not there at a certain minute, the drivers have to explain, and it is not very acceptable for them to say, "The highway was icy, and we were held up".

THE CHAIRMAN: I hope the newspaper people will be as fair in reporting what you are saying from your side of the picture, as they were in reporting earlier, and will see that there is a proper balance of the facts before the Committee.

MR. OLIVER: That is not an instruction to the Press?

THE CHAIRMAN: No, I am simply requesting it. I am not instructing the Press at all. I hope they will balance the facts, as they are able to do, if they want to.

BY MR. OLIVER:

Q Just one question. With the personnel available, do you think you are able to do pre-engineering work to the extent that you agree would protect the public? Is the staff ample to meet the situation?

A I sincerely believe it is.

Q On all contracts?

A On all contracts, yes. There was a time, as you will recall Mr. Oliver, when contracts were let on

profile alone, where the profile was simply taken of the centre line. There was no cross-sectioning, as there is today.

I could even go back further to the time when there were no profiles, and contracts were called at so-much a mile, and you could go still a further step behind that, when contracts were called by auction, and the auctioneer would get up and say, "Here is a road to be built from John Brown's house to John Smith's corner, 5 miles down the line; how much am I bid?". Then the bidders would keep lowering their prices.

BY MR. GRUMMETT, Q.C.:

Q In that type of contract, these men would be held strictly to the amounts they bid?

A That is correct. There was no unit price. But it was a very unusual arrangement, sir, where a contractor could either make a fortune or lose a fortune in one small job. He would encounter conditions he was unable to meet, but would only get paid the amount of his bid. Today, the contractors are instructed, "These quantities are tentative, and are purely estimates; they may be above or below", and the contractor has no claim for loss, nor has he any claim if the quantities are greater. He simply gets the unit price.

Q Perhaps you can enlighten me a little on the

question of contractors. Ever since this question has arisen, I have wondered why in the world you have contracts in the first place, because if a contractor signs a contract, and knows he is not going to be held to the contract price, what advantage is there for him signing a contract?

A He is held to his contract price. This represents quantities, but the unit prices do not change, Mr. Grummett.

Q I know that, but the people are of the opinion that a man takes a contract for a certain specified amount, and the general impression is that these men, by some manipulation, have arranged to double, and in some cases treble the contract price.

A That was the impression given by last night's Press reports.

Q Would it not be possible to tie your contracts down tighter than they are? Why should they be in some cases, three times the contract price?

A Because conditions encountered can run to very great quantities over what is expected. You can estimate you need 6 inches of granular base, but in soft country, you may have to go down as far as 5 feet ---

Q I have seen it in the Muskoka area.

A You would be familiar with the road between

Matheson and Kenogami.

BY MR. OLIVER:

Q That would be revealed by proper pre-engineering?

A The Barrie highway has a minimum of 18 inches, but in some places it goes to 3 feet, depending upon the conditions revealed when the examinations were made.

BY MR. WREN:

Q In respect to costs, Mr. Millar: I imagine contractors, like other businesses, base their price on the volume of work they are going to do? Is it not a great thing to find you have "x" number of yards of dirt, and when you got into the contract you find you have "4-x". Why would that not be graded down?

A You can have it the other way, too. I have had many contractors in my office, complaining very bitterly at being ordered to put in extra material.

BY MR. GRUMMETT, Q.C.:

Q A point about which I am not clear is, why should we have to set a price for the contract? Why have a contract price at all, when you do not know the materials you are going to move?

A For competitive bids, you have to have estimated quantities.

BY HON. MR. PORTER:

Q Is it not incorrect to speak about "contract

prices"? The "contract price" is incorrect; it is merely an estimate.

A That is true.

Q It is known by both parties it is an estimate?

A Yes.

MR. GRUMMETT, Q.C.: It is signed as a contract.

THE CHAIRMAN: "Estimated quantities", is right, in the contract.

MR. OLIVER: Also the total price.

MR. GRUMMETT, Q.C.: The contractor is bound by the unit price?

THE WITNESS: Yes.

BY HON. MR. PORTER:

Q The only fixed price is the unit price?

A Yes.

BY MR. COLLINGS:

Q The contractor does not get paid any more than the unit price, as appears in the contract?

A Yes.

THE CHAIRMAN: I suggest Mr. Millar proceed with the contracts, and after Mr. Gordon has finished, the general matters will be open for discussion.

BY MR. OLIVER:

Q I am interested in your remarks about the cuts; you say you would not attempt to estimate a 5-foot fill.

You would say that Mr. Gordon's recommendation for some added engineers, is a useless recommendation?

A Oh, no.

THE CHAIRMAN: He says it is not --

MR. OLIVER: I want to get my answer in my own way, if you do not mind.

BY MR. OLIVER:

Q What is your answer to that?

A That would supply additional pre-engineering.

Q But you have already said in regard to most of the contracts, you felt it was sufficient, and that more would not be beneficial?

A No. As I recall the question you asked me was if I felt the engineering was sufficient, and I replied "Yes". We could always add more. We would truly love to add more, but we have to go to the basic minimum, before we could say we felt it was sufficiently engineered.

BY MR. COLLINGS:

Q During 1950, the fact was you could not secure adequate staff? You simply could not secure them?

A Our training program was just beginning to pay off. The men were coming back from overseas, and we were getting some excellent people. They knew nothing about engineering, but they were willing to learn.

Q You say that 1950 was one of your peak years?

A It was by far the peak year of construction; in fact, we are still working on jobs started during that time.

Q This engineering of jobs which determines how much granular fill has to go in, is only when actually doing the job?

A It would mean a party from Headquarters with mobile equipment, would have to go and take samples and test them at the laboratory. We have a very good laboratory at DeHaviland, which is now being moved to the new site on Keele Street, out near the by-pass.

Q You are not just dumping some of the material into a hole, without getting some base for it?

A We are trying to get the job finished.

BY MR. MAPLEDORAM:

Q Is it true to assume if you had more engineers, the amount of the contract price would be closer to the price bid?

A It is true, and a lot of those extra work orders would not be there.

Q So what Mr. Oliver is asking is whether you would be closer to the contract price, if there was more pre-engineering?

MR. OLIVER: There was not enough pre-engineering.

BY MR. MAPLEDORAM:

Q You have issued the extra work orders to cover what you found, during the life of the contract?

A Yes.

BY HON. MR. PORTER:

Q Under conditions at that time, there was no alternative?

A That is correct, sir. That is when the change-over was made to use granular base. The 1950, 1951, and 1952 contracts used more granular base. There has been a change from twenty or thirty thousand cost per mile of road in 1949 and early in 1950, until now it has become a fifty thousand or sixty thousand per mile proposition.

Strange as it may seem, frost does affect highways in Southern Ontario. We have dug out holes on the day after the Civic holiday, the first Monday in August, and we have found frost 7 feet down. As Mr. Grummett probably well knows, in Cochrane there is frost in the ground all the year around.

We cannot make a driving surface based on ice, and we have to get that out. When frost penetrates 9 or 10 feet, there is not much to be done.

BY MR. WREN:

Q If 1950 was when you had a shortage of staff, would you say the Atikokan highway in 1950 was properly pre-engineered?

A We felt an advantage we had there was the fact that the railway ran along the same general line, but it was country which had to be studied at great length, if we were going to do a complete job. The Canadian Northern Railway was built through studies by engineers of the railway who spent 2 years making their preliminary study. We could not wait that long to get ready for the construction of the highway.

Q There was no other alternative?

A No. We had all surveys made many years ago. We had them to as great a degree as we could. We would have welcomed much more engineering, but when the demands were made to get the road in, and fast, we had to work with what we had.

Q There was a difference there between the estimated and final costs?

A That is true.

Q Far more than 21 percent.?

A If I may be excused, I will say that these are jobs which are under investigation, but they may not be using any granular base.

BY THE CHAIRMAN:

Q You are mentioning the items where there is no question at all as to the bona fides of the transaction? I think perhaps we should get on with that, Mr. Millar.

You have got down to number 19.

MR. COLLINGS: May I just ask this question? In Contract 50-14, Mr. Millar, you had to do plenty of pre-engineering on that contract or the result would simply have been that the original estimate would have been something like \$1,400,000.00?

A That is correct.

Q So the additional \$426,000.00 is just due to the granular base fill which went into that roadway, more than you expected to have had to put in?

A That is correct.

Q The net result would have been the same?

A The final price would have been the same.

BY MR. OLIVER:

Q But in relation to that, Mr. Millar, you must agree that the pre-engineering in regard to the contract mentioned by my friend, Mr. Mapledoram, was quite adequate?

MR. MAPLEDORAM: No, because they changed the specifications in the contract for this job. When it was originally let, there was very little granular base to be used. That was added as a new departure, and was, I think, a necessary decision, to place ballast under the highway.

A Due to heavy traffic and varying conditions.

I have seen fence posts cut at ground level punched through pavement due to the frost. The posts were locked in the frost, and when the frost let go, the posts came up through the pavement.

BY MR. COLLINGS:

Q And the use of granular base was after your experience with previous highways?

A Yes, and as we got down to it, and could study the nature of the soil, this work was ordered by the engineer, without, in many cases, being in the contracts.

Q The money has gone into the highways?

A Yes.

Q And the people of the Province have got value for their money?

A Yes.

BY MR. MAPLEDORAM:

Q It was a new engineering practice?

A I think it is almost universal across the North American continent. There are places where the temperature varies from 150 degrees at the pavement surface, to as low as 60 degrees below zero on the northern highways.

BY MR. WREN:

Q From your experience, would you say in other jurisdictions these over-runs are common?

A They went through almost the same phase, but

not to the same degree that we did, because very few
of the states have/^{the}very violent changes of climatic
conditions such as we have here, even the northern fringe
of States, although some of them may be north of us
geographically yet their temperatures are moderated by
the sea, and they have entirely different conditions.

Q Let us take comparable climates. For example,
would the State of New York have these over-runs in their
1950 contracts?

A I cannot answer that/^{question}, not knowing intimately
their problems. But I have spoken with many of the New
York State Engineers and they only entered into it two
or three years before we did. They were toying with the
idea before the war, and they introduced it a little
faster than we did, after the war. I do not know whether
the answer is because they had more engineers, but they
were using granular base before we were.

Q In the State of Michigan, would they have over-
runs like yours?

A I cannot answer that question, but I would pre-
sume they went through the change to granular base, just
as we did.

Q If they went through the same procedure, they
would have these over-runs?

A That is correct, yes.

Q Do you know if there is any value, as Mr. Gordon has recommended, in following their procedure?

A If I may defer that, I would like to comment on the qualifications for contractors. I would like to bring that up when I have the illustrations before you.

Q The point now is, you do not know whether other jurisdictions have the same percentage of over-runs, up as high as 400 percent.?

A I cannot speak of percentages, but I do know they have had similar problems to those we have had here.

Gentlemen, the picture is generally the same. If you go down the work order amounts, it tells the story of the over-runs. If there are any there, you would like to question, I will do my best to answer.

(Page 423 follows)

BY MR. BECKETT, Q.C.:

Q Would you tell us about Contract 50-24?

THE CHAIRMAN: That is one involved in the court proceedings.

THE WITNESS: 50-24 --

BY MR. BECKETT, Q.C.:

Q It is not Trans-Canada?

A No, it is the Severn Lake road, a northern road, under unusual conditions, because it was called as a winter road only. That is one which runs normally between lakes, depending on the frost, and the road is put right across muskeg, and it is merely clearing a roadway.

BY MR. MAPLEDORF:

Q Is that from Severn Lake to the Pickle Crow?

A Yes.

Q How far north is that?

A It is the extreme north of our system. It parallels the Red Lake road.

BY MR. WOOD:

Q How long is it?

A I believe it is 50 or 60 miles long, and was designed to give access to the mines. There have been strong demands from the mines to make it a permanent road, which is a difficult task. You cannot

make a silk purse out of a sow's ear, and there is a strong demand there from Pickle Crow and the Central Patricia, and other mines, that they be able to drive out to the railroad.

BY MR. WREN:

Q That cost about \$10,000 a mile to build it as a winter trail?

A It is better than a winter trail now. Contract 50-24, I believe, was the second contract of the three.

Q How long has the mine been using this road for traffic?

A It is only now really nearing completion.

Q When was the contract originally awarded?
In 1950?

A There was a 1949 contract, if my memory serves me rightly, in the late Fall of 1949, and another contract was let in 1950 to extend what was originally a winter road, into a semi-summer road.

There are periods during the break-ups in the spring and fall when you cannot get through, but now it is driveable for about ten months of the year.

BY MR. MAPLEDORAM:

Q How many miles are involved in that piece of road?

A I believe it is 85.

BY MR. GRUMMETT, Q.C.:

Q Was the 1949 contract let to Bergmann?

A Yes, as I recall it, Mr. Grummett.

BY MR. WREN:

Q Is it just one contract?

A No, a series of three, and the gravel contract makes it four. They were in 1949, 1950, and I believe, in 1951, and I think there was another one in 1952, if my memory serves me right.

Q Were there any bids on that?

A I believe originally we had six bids. But I do not think there were as many on No. 24, because once a contractor moves in, it is hard for anybody to compete with him. What we do at the present time, I believe, is to clear the road in advance of the grading job. That is highly desirable, but if you have to move camps in to clear and then move another camp in to do the grading, it becomes a very difficult thing to do, and is very expensive. It saves going in, walking through muskeg, and travelling by canoe. It is a difficult job to establish camps to do a bit of clearing. There is only 10 acres, but being 60 feet wide, it is strung out over a very long section. To establish a camp to do the clearing alone on the Savant Lake road, would amount to a fantastic cost.

It used to be that they would use horses to pull out the roots of the trees, but they do not do that now. They just push a bulldozer through there and take out the trees, roots, and everything, and it is clear.

BY MR. WREN:

Q It is proposed now to turn this into an all-year around road?

A That is a matter of Government policy, upon which I cannot comment, but with its present status, it is a 10-months road. It is capable of being travelled on for about 10 months, except during the two periods in the spring and fall which I have mentioned.

Q That is, in the early spring?

A Yes, and with the late fall rains, it would be impossible. There is a lot of corduroy on it. That may sound strange, but we are still using corduroy.

BY MR. JAMES:

Q When that contract was first let, it was just a mine road -- a winter road?

A That is right.

Q And to make it a summer road, you increased the quantity of material used?

A Yes.

BY MR. BECKETT, Q.C.:

Q To clarify the situation, I do not know whether this would be an over-run --

A It is an over-run, sir.

Q Because of further quantities required?

A Yes, further quantities required. We could have called for another contract, but the contractor was in there and established, and his price seemed to be fair enough.

Q I think where a contract was let for \$288,200, and the price paid was \$819,000, you should give some explanation in detail.

BY THE CHAIRMAN:

Q That is one of the contracts before the courts?

A Yes.

Q If it is one, we should not be asking questions about it.

A I would like to defer that.

Q Mr. Millar, awhile ago you mentioned something about the bulldozing technique. I think that was first introduced on the Alcan Highway.

A It came with the development of the bulldozers.

Q I think you played a part in the construction

of the Alcan Highway?

A Only very little, Mr. Chairman. It was my predecessor, Mr. A. M. Smith, who was connected with the Alcan Highway, but I helped out at home, when he was away doing that.

BY MR. OLIVER:

Q Out of your experience, Mr. Millar, would you say it was or was not practicable to let the clearing contract ahead of the actual contract?

A It is practicable, and in some degree desirable. One of the big factors we have to face is the fire hazard. The Department of Lands and Forests' men prohibit burning at different times, and rightly so at this time of the year, and I do not think anybody could get a permit now to burn anything. Unfortunately, if it is burned, they leave the stumps to be taken out the following spring. The more conventional way is to push the brush into huge piles, until it rots to a degree where it is easily burned. In that way, there is not so much danger from burning. In some cases, it is thrown into a hole that is isolated, and they simply forget it.

 We salvage all the timber we can. That is part of the contract, and even if it is on the ground, the stumpage dues are paid on that timber.

Q You think you have let these contracts in each case where, in your judgment, it was practicable to do so?

A We cannot commit ourselves. We have not the money to do a 20-mile job in one year, but we can do 10 miles, and we anticipate the grading will be done for the next 10 miles, and next year we ^{will} let the clearing contract. We are currently working near Waubaushene on Highway 69, on that same basis. The contracts for clearing are being carried out this year, but the grading will be left for a future date.

BY MR. WREN:

Q In regard to these over-runs; let us take one, in regard to the Hannah Construction Company --

THE CHAIRMAN: Which one is that?

MR. WREN: 50-19.

BY MR. JANES:

Q Before we leave that, Mr. Wren, may I ask a question? The justification for making that an all-year around road instead of a winter road would come from the demand by the public, which has been forcing your hand all the way through?

A That is correct.

Q You have had the most tremendous pressure during the last ten years?

A If we met every request for construction work, we would have a budget not of \$120,000,000, as was the case last year, but one which would amount to nearly \$600,000,000, if we had the staff to do that work. We are limited by our physical ability to do the work.

BY MR. WREN:

Q In regard to Contract 50-19, the figure jumped from \$379,000 to \$602,000. Are you satisfied with the procedure followed in regard to those extra costs?

A On that particular job, I can say "yes" without hesitation.

Q I am not speaking of this particular job, but using it as an example of where the amount was increased. In other words, where the amount was substantially increased.

 It appears that some of the alleged irregularities were possible because of the procedure followed of approving these increases.

A I will grant you, it appears that way.

Q Are you satisfied that the procedure in these cases is adequate?

A The procedure we used, I would say, is followed by 90 percent. of similar highway organizations throughout the North American Continent. It is

standard. It varies in degree. This can be carried to great extremes by the pre-engineering, before taking the deep soundings. That can be corrected, to a small degree. We just run profiles, and we take cross-sections, and pay on the profiles. The profiles can be reasonably accurate.

BY MR. WREN:

Q Let us assume you have asked the "A.B.C. Company" to add \$100,000 worth of extra work.

A We do not ask them; we order them.

Q Who authorizes it, and who signs the necessary documents?

A The chain of authority is right up from the Division Engineer, to myself as Deputy Minister.

Q You finally approve it?

A I finally approve it, and approve the payment certificate.

Q And everything goes to the Treasury Branch --

A That is my responsibility, except in certain things, where it is provided by Legislature they may be signed by the engineer.

Q How far can the Division Engineer go without consulting your subordinates?

A It is an open point. If the job was very large, a decision might involve a considerable money

value. On the other hand, if it is small, his own decision is quite limited. I would say not over \$10,000 or \$12,000 could rest on the decision of the Division Engineer.

If it is over that, it would have to have the o.k. of the Maintenance Engineer, or the Construction Engineer, and if it went over \$50,000 or \$60,000, it would have to have the o.k. of the Chief Engineer.

I could describe it this way; take a property, for instance: a property valuator can send in one item for payment up to \$300; if it is up to \$1,000, it would have to have the signature of the Deputy Minister, and if over \$1,000, it has to have the signature of the Minister, before the Treasury Branch will pay it.

Q Another point I think we have mentioned this morning; would you not agree that it would be possible that the job could be finalized at less than the estimated amount, and still there might be discrepancies in the contract?

A That is true.

Q Instead of charging an average of 21 percent. over-run?

A You could have a percentage of under-run, and

still there might be room for unscrupulous people to take advantage. You could reverse these figures, and have an estimate of \$49 million, and payment of \$33 million, and still have over-runs.

Q Again, if the pre-engineering is inadequate, the final costs might be much less than the estimate?

A That is quite true. In some cases, instances of costs under estimates can be a bit more embarrassing than over costs. For instance, the Bell Telephone Company submits an estimate of the cost for moving poles, and they find they can do it for less. It is more difficult for them to explain the under-estimate, but if it is over, they can say, "Well, extra work, and so forth", but to explain an undercut, is something different.

Q To say a contract has been completed for less money than the estimate, actually does not mean very much?

A Or that there is a greater efficiency in doing it.

BY MR. MAPLEDORAM:

Q That bears out your point that the actual contract price has no relation? If they settle for less money, they do not get the original contract price?

A No.

Q They get paid for what they do?

A They should.

We have had some very bitter experiences from the fact that a man takes a contract for the providing of 100,000 yards. He is alright, so long as the material is easily accessible, and he can keep within his contract for 100,000 yards. But the minute we order him to put on another 30,000 yards, and he has to go down five miles to get the original quantity, a difficulty arises. That is where we have tried to be fair, and we figure he should be paid for the longer haul, if he has already been paid on the quantities shown in the contract.

Q Anything relating to the basic conditions of the contract is not a true statement at all regarding costs? It is not the actual contract, as far as money is concerned?

A It is a contract binding the contractor to a unit price, and, within a reasonable limit, to the estimates.

Q If I want to build a house, and I get a contract for \$5,000, and I do not put any extras in, the contractor gets paid \$5,000?

A Yes.

Q In this instance, if it costs \$500,000 for the first contract price, and he does it for \$400,000,

he gets paid \$400,000?

A That is right.

Q I think that is something the public does not know anything about.

HON. MR. PORTER: It is not a "contract price"; it is an "estimate".

THE CHAIRMAN: The term "contract price" is wrong. It should be referred to usually as the "estimated price".

MR. GRUMMETT, Q.C.: It is the abolition of the unit price.

MR. COLLINGS: Mr. Chairman, does it not boil down to this --

THE CHAIRMAN: It is a compilation of the quantities as estimated, multiplied by the fixed unit price.

MR. WREN: Mr. Chairman, to get back to "Classifications"; where the job is classified, it depends on what type of material is classified? That is where the area of difficulty lies.

THE WITNESS: Classification, if I might explain, gentlemen, is a very old thing in highway contracts, and a very legitimate thing. It is only fair and right, if a contractor bids on a cut 25 or 30 feet deep, when, from the surface, you see nothing but sand -- and you see many of them in northern Ontario --

but when the contractor gets down, he finds boulders embedded in that sand, and as I say, it is only fair that he should be allowed the rock price. It is quite legitimate, for instance, in highway and railway construction, and has been the highway and railway practice for 150 years. You have increased the quantities, and the contractor must be paid a higher price for a different classification. However, what they would save in classifications, they would lose in unit prices. But a classification is quite in order and if properly done, is fair and just. It is where improper classification has been made, and there is a failure of engineering integrity, that the difficulty arises. If the classification is on a percentage basis of these quantities, it is still there to be checked.

Mr. Cotnam can go over an account and see "30 percent. classification", and can question it. But if the account merely says, "200,000 yards of earth", he has no way of determining whether the quantity is proper or not. It is falsification on one hand, and a matter of opinion on the other. An engineer is trying to be fair, if he is worth his salt. He is like a judge on the Bench. He cannot take sides, that is, he could not take the side of his principles

on the one hand, and that of the contractor on the other. He has to be impartial. He is trained to that, from the beginning.

BY THE CHAIRMAN:

Q To get this on the record; is this (indicating) the specification clause under which you are operating? Will you file it, if it is?

A Yes, if I may read it. This is Form 205 revised. The heading is:

"Revised Specification for Classification of Excavated materials. This Specification Supercedes Sectionn 205 of Specification D.H.O. Form 200."

The first paragraph reads:

"All material shall be classified as 'earth excavation' or 'rock excavation', in conformity with the following:"

And it goes on and describes that the rock shall be 27 cubic feet or over, and the earth so excavated shall comprise all other materials of whatsoever nature that do not come under the classification of "rock excavation", excepting, however, such items that may appear on the tender to cover specific work.

The earth so excavated, by hand or grader,

and boulders, are considered. And if we take one-half of the cubic yardage of rock, which would amount to thirteen and one-half cubic feet, it would be considered necessary to require special treatment.

But in large operations today, where they can take out boulders, the way they can do now, I feel the figure quoted is fair.

EXHIBIT NO. 11: Form 205
Revised, December 3, 1953,
as presented by the
witness Millar.

BY HON. MR. PORTER:

Q You mentioned certain conditions in the Simcoe area; where you had sand dunes, you would not have clay and boulders --

A And rock.

Q I suppose borings would not disclose how many boulders there would be there, necessarily?

A It might disclose if boulders were there, by a reasonable number of holes bored.

Q But unless you bored every six inches, you would not get it completely accurate.

A They found that in the subway. Even after the most intensive borings, they still struck an underground stream, which they had not discovered until they started drilling.

BY MR. MAPLEDORAM:

Q The question was asked whether or not other

provinces or states had better pre-engineering. You would probably find in those areas where they have better pre-engineering, they are more settled areas, and not completely new ones, like we are developing in Ontario today.

A Could we look at it in this light, Mr. Mapledoram? In the city of Toronto, we are closer to Oklahoma City or Halifax than we are to Mr. Wren's home in Sioux Lookout. I do not think anybody in the state of New York would think of constructing a highway in Florida or in Nova Scotia, and yet that is what we have to do in Ontario. We have a province containing 80,000 miles of highways, scattered over 1,400 miles of country one way, and 800 miles the other. We have a population of 5 million, while the city of New York has more than we have in the entire province, and they are able, therefore, to get more engineers, and more help, and thus be able to do more pre-engineering.

The state of California is the same. They have, approximately, 10,000 miles of state highway, and they have a registration of vehicles of nearly 3 million, as against our 1,400,000, and they can put all that in a little, compact area 500 miles square. I certainly wish we could do that here.

BY MR. COLLINGS:

Q I want to get Mr. Millar to say this quickly. It seems to boil down to this; that the \$15 million does not represent over-payments to contractors -- well, it does in a sense, I suppose -- but it represents payments for over-runs at the contract unit price?

THE WITNESS: That is right. You could go to a grocery store and buy a bag of potatoes, and if you wanted another peck, you would buy them at the same price.

BY MR. OLIVER:

Q How much of that \$15 million is in that?

A \$9 million is Trans-Canada. \$6 million of the \$15 million is in these over-runs, as I have described.

BY THE CHAIRMAN:

Q Have you estimated in dollars the contracts these cover?

A Frankly, no. I have dealt with them as totals.

Q You suggested we might look over others, and draw them to your attention. I have got down to the bottom of the next page, without noting any very large ones, but I think when we come down to Contract 50-71 --

MR. BECKETT, Q.C.: Before we quit that, I think it would be a good thing for the witness to explain 50-28. It is a small item, but there might be an explanation of why it jumped from \$24,000 to \$49,000.

THE CHAIRMAN: All right.

MR. BECKETT, Q.C.: It is the percentage, not the amount.

THE WITNESS: I am frankly sorry I have not immediately with me, the information on that particular contract. I had gone over the list of those which ran into large over-runs. The percentage there is large, but I did not run over it, in my mind.

BY MR. MAPLEDORAM:

Q The work order is more than the original contract.

A If it is, I would judge it to be a gravel and crushed stone job, but I am not sure of that. Any gravel and crushed stone, we generally stock-pile to nearly the amount of the contract.

MR. WREN: Mr. Chairman, at the outset of Mr. Millar's appearance, it appeared there was going to be to some extent an explanation to the public, through the Press, as to how this \$15 million was made up.

What we have here is \$9 million Trans-Canada,

and \$6 million other work.

THE CHAIRMAN: He has got down to Contract No. 24.

MR. WREN: I think we should know what portions of this --

THE CHAIRMAN: Let him finish what he can tell us.

MR. WREN: All he has said is that \$9 million is in Trans-Canada, and \$6 million is something else.

MR. MAPLEDORAM: When he talks about Trans-Canada, maybe we will get some light thrown on this.

MR. JANES: We have been criticizing the Department very severely because they increased these contracts by \$15 million. They did that, because they found out the type of road they were constructing was not standing up. I think rather than condemn them, we should compliment them for changing their plans and building roads which will stand up.

MR. OLIVER: You are not referring to the entire \$15 million?

MR. JANES: I am.

THE CHAIRMAN: Mr. Janes, I do not think we have been criticizing, as a Committee, as yet. We are getting the facts. It is premature to criticize at this time.

MR. JANES: They got severe criticism because they built roads which would stand up.

MR. COLLINGS: Perhaps Mr. Millar could enlarge on the reason for changing to granular base.

HON.MR. PORTER: I do not think anybody here has criticized them as yet.

MR. COLLINGS: Let us compare these things, and see what other provinces are doing and how many have changed to the granular base.

THE WITNESS: Almost universally, sir. They are getting into the programme. Ontario has always been in the position of doing the experimentation for the other provinces. I would not say invariably, but to a large extent, they follow our lead. The other provinces can profit by our experimentation. I can illustrate that. We have a high standard, which cannot be compared with the practices in Germany, Great Britain, or even the United States. They had what they considered to be a high standard, but it only took us one year to find out it was useless, because the snow piled up on the sides of the road, in the springtime would melt and travel across the road as water, and then within a few hours the temperature would drop, and we would have ice.

So, one thing we did was to change the

procedure, and put in a depressed roadway, but they are still built to a high standard. On some of the turnpikes, the way they are constructed, there is always danger of a car going out of control. The Pennsylvania Turnpike has only a 10-foot roadway, whereas we have 30. Quebec had the advantage of finding out what happens when we experimented with a divided highway.

BY MR. OLIVER:

Q Would you say the type of highway built in Ontario is comparable to any?

A I think they are comparable with and better than any in the world.

BY THE CHAIRMAN:

Q What would you say about the experience as to the cost per mile?

A I would say they are lower in cost than any others on the American continent. As I will explain this afternoon, our costs have still decreased, and we are getting lower prices than we ever did.

For example, a house which a few years ago you could buy for \$8,000 or \$10,000, you would now pay \$25,000 for. In former days, as you well know, you could buy a good car for \$1,000, which is now \$4,000 or \$5,000, but you can still build highways

for the same price.*

Q Does the Trans-Canada require a higher standard than we do?

A Yes. The Trans-Canada Highway agreement was signed April 24th, 1950, just at a time these contracts were underway. They set up a very high standard, and all that added confusion to the situation. And we never interpreted it the way they did in Ottawa.

For instance, they call for a thousand-foot vision, and this called for straightening curves and doing other necessary work, in order that a motorist could see one thousand feet horizontally around a curve, and vertically over the crown of a hill. That means that it must at eye-level of the driver of a car looking across the crest of a hill, so he can see another vehicle approaching, of a similar height.

The interpretation we placed on "one-thousand-foot visibility" as set by Ottawa, was that it should be only six inches in height. You can realize the difficulty in interpreting a "one-thousand sight distance".

I am quite frank to say that their standards in regard to the Trans-Canada Highway, in my opinion, are fantastically high. Their standards were also higher than those required on the larger turnpikes, and

higher than were usually used for building by the Ontario Government. We do not believe that those standards are fully justified. We build a five degree or six degree curve, and we think that is in order. The Trans-Canada requirement is for a two degree curve.

Q Is the original standard as prescribed in the Trans-Canada agreement been questioned? Has there been any deviation from it?

A Not in any degree, except in regard to the thousand-foot sight distance. We have widened the roads approaching the hills, to four lanes, so as to give people the opportunity of passing without any confusion.

Some of you may be familiar with No. 7 highway, where it intersects No. 12. If we had met that standard, we would have had to cut a hill 130 feet, so we go over the top, doing about half the work which would be required otherwise,,and widening the road out to a four-lane highway. So far, Ottawa has not closed the door in regard to payments. I think they are considering them.

Q It does not cost more to build the Trans-Canada Highway, than to build your highway?

A I do not see that higher standards improve the highways. One of the possibilities suggested

was agreeing on the level which we thought was permitting us to build the best possible highways. I intend going on with the larger highways, as an example. We have done everything that humanly could be devised to make these highways safe. We have an eight-foot boulevard; we cut the abutment ten feet from the division, to get away from the psychological factor; we took the centre pier out of the division in the boulevard, and we used coloured paint. What has been the result? Twenty-four people have died on that highway since it was opened about four years ago, which is the same number as died on the old highway.

Q Am I correctly interpreting you when you say the higher the standard, the greater the danger?

A No, that is not the point. We are only discouraged that with the higher standards, there is no decrease in the number of accidents. In regard to high standards for the controlled-access highways, we have to go the whole way. The traffic has to be carried. You cannot have entrances to and exits from controlled-access highways, without creating dangerous situations.

What we have done on the Queen Elizabeth Way, is that for four miles out of Toronto, there is complete

segregation, and there is a very low accident rate. But getting farther along, where there are service stations and motels, and everything going and coming, the accident rate is terrific, although still below the average for the province.

BY MR. COLLINGS:

Q If we had the traffic on the old roads, as we have on the new highways, the accident rate would be lower?

A If we had that, there would be no accidents, because the cars would not be moving.

BY MR. BECKETT, Q.C.:

Q What is the accident rate on the turnpikes?

A Very good, because they are completely segregated.

Q Do you think that is a good system of highways?

A In regard to the engineering, yes; in regard to the question of tolls, no.

Q Why?

A Because you are being taxed three ways; you are paying licence fees, and the gasoline tax, and then paying for the privilege of using the turnpikes.

We, in Ontario, have 250 miles of highways, the equivalent to any toll road in the United States.

No state on the North American Continent is content to build 250 miles of free controlled-access highways. They may have more than 250 miles, because when New York has completed its programme, they will have 750 miles of these toll roads. We have as much ^{controlled-access} highway as they have toll roads today. I would not like to be considered as making a "plug" for toll roads. We have divided highways for a distance 50 miles east of Toronto, and the 90 miles to Niagara Falls, or to the Niagara Peninsula, and for about 50 miles north of Toronto.

BY THE CHAIRMAN:

Q Mr. Millar, you have looked at a number of these contracts and have given us certain explanations as the reasons for the over-runs. Are they typical of all these contracts?

A These are typical as to how the over-runs came about.

For one thing, we were not going to sod the centre sections of the Barrie Highway. We thought with seeding, we could get it to hold, but we found these rains sweeping down these long stretches, and we could not hold the seed, and we had to turn to sodding. There was an item last year for sodding amounting to about \$80,000.

BY MR. BECKETT, Q.C.:

Q That would be extra?

A It is over-run, yes. The contractors had submitted a price for sodding at so much per square yard, and anticipated putting in from 8,000 to 9,000 square yards, but when the change was made, he had to put in huge quantities, 80,000 or 90,000 square yards.

BY MR. JANES:

Q And you paid the same rate?

A Yes.

BY MR. COLLINGS:

Q On contract 50-14, at any time were you concerned with the great amount of over-runs on that contract?

A Until the contract was nearly finished, there had been no over-run, and there would not have been an over-run, if we had left it as it was, for the time being.

There were cars on the old highway, lined up bumper to bumper, and the people would look over to the new highway, and say, "What is the matter with that road?". So we put in a road, but it was only mulch, and we had to go out and call for a completely new contract for surfacing it from end to end. That work is now just being finished, but the highway has

been in use since the first of July, 1952.

BY MR. OLIVER:

Q Were you, as Deputy Minister, concerned about the amount of over-run with respect to any of the contracts?

A Very much concerned, naturally, for the simple reason that for every contract which over-ran, there was one I could not get done. A budget is a fixed thing.

Q Following that, may I ask if the Department issued an order, I think in the spring of 1952, that there would be no further over-runs allowed?

A That has been a standing order for over thirty years, to my knowledge.

Q Was it re-issued?

A Sometimes as many as five times a year, but the Division Engineers did not take it too much to heart.

Q They thought you did not mean it?

A That was the general idea.

Q There was no way you could emphasize you were in earnest?

A You are up against two things; you are telling the Division Engineer, "We want you to go ahead", and then you suggest to him he cannot spend more than a

certain amount of money. He is between two fires, I am also between two fires, as the Treasury tell me how much I can spend.

I have had delegations of members and the general public in to see me, with requests for ten times what the money will provide.

Q On the same basis, your Division Engineers --

A They put on an intensive drive to get the roads completed.

Q Because of the growing amount of the over-runs?

A Yes, because of the growing amount of the over-runs.

BY THE CHAIRMAN:

Q Was your concern for the value of the money you were getting, or did you feel you were not getting good value for your money?

A No, but the very thing mentioned by Mr. Wren a moment ago, the fact that these over-runs are there, gives the impression in the public's mind that we were paying for something we were not getting.

Q You have given quite a bit of evidence this morning, and it looks as if you are on top of the information that is required here. But I would like to ask you this: if, apart from the evidence which has

been heard here in a general way, of "fudging" -- to use a term described by Mr. Cotnam yesterday -- apart from irregularities, which obviously are not condoned, are you prepared to stand behind your contracts as shown in the Schedule of 1950, on their dollar value?

A I am, sir, fully and completely.

Q You consider the province of Ontario is getting good dollar value?

A The engineering was honestly and thoroughly done, and I believe the province got full dollar value for every dollar that was spent.

MR. OLIVER: You cannot be too sure.

HON. MR. PORTER: That is what he says.

MR. OLIVER: The evidence yesterday was they had not completed the investigation.

THE CHAIRMAN: That was the suggestion.

MR. OLIVER: Of irregularities already discovered. There may be others.

MR. COLLINGS: Just the ones to which Mr. Wren referred. We have not gone into these others yet.

MR. OLIVER: Over and above what Mr. Wren has mentioned, the evidence of Mr. Cotnam, and also of Mr. Gordon, emphasized that the investigation was not

complete, and I do not think the Government will say it is complete.

BY MR. COLLINGS:

Q When you were concerned with some of these over-runs, I would take it you carried on an investigation of your own to satisfy yourself that the over-runs were quite properly justified?

A That is right.

BY MR. OLIVER:

Q Is that why you said there should be no over-runs?

A On two occasions, I have sent jobs back and asked for explanations. I was not satisfied with the first one. The second explanation which came back seemed more plausible.

It is true I am an engineer, but I am not practicing as an engineer. I sit behind a desk most of my time, and if there comes to my desk, a certificate for a certain job with certain classifications, it is certified by the construction engineer, and by the Chief Engineer, and laid before me for signature. I can only send it back down the line, and say it is a little high.

When it comes back, I am in no position to tell three men they are wrong, because they have seen

the job, and I have not, and if I went on record as saying their classification is wrong, their reply would be quick and to the point, "How do you know, sitting at a desk in Toronto?".

Q At that time, you had confidence in your staff?

A We must have.

BY MR. MAPLEDORAM:

Q You sign certificates on the basis that the amounts and information are correct?

A I have signed thousands with the idea that the men were honest, and were looking after their business.

BY MR. OLIVER:

Q May I ask one general question? We were talking about "Classifications", and I understood you to say that you felt there was justification for what is known as "Classifications" and that those in the Department at the moment supported the principle and practice of "Classifications".

A Only to a very, very small degree. All our contracts at the present time say, "No classification". And that puts the contractor in the position of taking a large gamble. He must take them as read, and if he encounters boulders, he is out, and cannot get anything

out, and cannot get anything for them.

Q Two further questions; when was this decision made and the order issued, and why?

A Because, to be frank, of the difficulties which developed over "Classification". What we found was lack of engineer integrity, and there is only one way to get rid of that.

BY MR. GRUMMETT, Q.C.:

Q It was open to being taken advantage of by a dishonest engineer?

A That is correct, as far as the evidence apparently indicates.

BY MR. OLIVER:

Q You suggest then it is common practice?

A Yes.

BY MR. MAPLEDORAM:

Q Dependent entirely on the integrity of the engineer involved?

A Yes.

BY MR. OLIVER:

Q Because of that lack of integrity, you threw out the classifications?

A That was largely the case. If there was any question of integrity, we got rid of it.

BY MR. MAPLEDORAM:

Q Will that affect the highway costs in the

future?

A I would not say that, because when the present condition is cleared up, I think we can return to trusting the staff, and we can return to classifications.

But, at the present time, there is a question of the engineers' integrity, so we have taken classification out of the contracts.

Q It was done for the protection of the public?

A That is correct.

Q Classification is no longer in your highway agreements, due to the fact that the integrity of the engineers has been involved, and there were irregularities, and you have removed classifications from your contracts, pending the trials of the people and until you feel, in justice to the people of Ontario, you can put them back again?

A That is looking into the future. If we could do that on the Barrie Highway, in regard to pre-engineering, we could conceivably continue with no classification. We did it on the Barrie Highway. We moved 7 million yards of excavated material with no classifications, at 42 cents per cubic yard.

Q But your costs were higher there?

A I do not think so, because there was very

little rock involved. There was a contract which ended up, within 2 percent, of the original contract on 7 million cubic yards. We could not get much closer than that.

Q Were there any of the contractors who were not satisfied with what they got?

A Well, I have yet to see a contractor who was ever satisfied with any deal.

Q Well, reasonably so?

A I think so. They do not complain a great deal. They have not too much about which to complain.

BY THE CHAIRMAN:

Q I think this is the proper time to ask this, from the way the questions have been coming at the moment.

 There has been mention made of "irregularities"; did you at any time, when occupying the office of Deputy Minister of Highways, condone any of these irregularities, when they came to your notice?

A No sir. I wear an iron ring on my little finger, of my right hand, that represents my oath as an engineer, to uphold the integrity of the profession. I never have done an unprofessional nor unethical act, and I never anticipate doing so, neither directly nor implied.

BY MR. OLIVER:

Q But it is possible that you did unknowingly condone --

HON. MR. PORTER: "Condone" implies that you knew what they were doing.

MR. OLIVER: Oh no, what I am trying to ask him --

THE CHAIRMAN: I think you are entitled to ask Mr. Millar, if you have any doubt about his integrity.

MR. OLIVER: I have no doubt about that. I want to put it in the proper way. Perhaps I did not do so. He said he did not condone anything he knew to be irregular, and I am asking if he did sign documents without knowing there were irregularities which might flow from those documents.

THE WITNESS: That is quite true.

BY MR. MAPLEDORAM:

Q That naturally followed the procedure which took place?

A The procedure is there. I have to trust my juniors to lay before me documents which I believe to be right. I could, quite unknowingly, condone it, if the certificates were not proper.

MR. COLLINGS: Could we ask the witness

regarding some of the recommendations by Mr. Gordon?

THE CHAIRMAN: I do not think so, at this time. I would like to finish up with the Trans-Canada, and then get back to the procedure we planned on this morning. Mr. Millar will be available at all times.

THE WITNESS: There is not a great deal more to be said. The question of the 1000-foot sight distances changes everything. A change might be from a 20 or 30-foot cut, into a 60-foot cut.

BY MR. MAPLEDORAM:

Q The contracts in 1952 were already in progress in Ontario, on the specifications, and you had to change completely those contracts and the original quantities?

A That is right.

Q The unit prices were not changed?

A No.

Q But the quantities were?

A Yes, the graders had to go in there with their machinery.

BY MR. GRUMMETT, Q.C.:

Q There were not so many contracts let at that time. Mr. Mapledoram is referring to the Trans-Canada contracts. I think that order was made in April.

A April 24th, 1950.

Q There were not many contracts under-way at that time?

MR. MAPLEDORAM: There were several.

THE WITNESS: Remember this. As I say, while the agreement had been signed, there had not been a uniform agreement in regard to the interpretation of standards. As a matter of fact, the argument is still going on, after four years' operation on the Trans-Canada.

But, in 1950, the thing was rather vague, and we in Ontario faced a rather difficult problem. We have 1400 miles of the Trans-Canada to construct, which is as much as any other two provinces combined. Quebec has not signed. That leaves Manitoba, Alberta, and Saskatchewan, ^{each of} which are only about 400 miles across, and I think British Columbia has only about 600 miles.

The result of the standards being changed involved all these contracts, 26 in number, with an over-run of \$9 million.

MR. MAPLEDORAM: I do not think Mr. Grummett got my point. I think he misinterpreted my point. I meant 1950.

BY MR. MAPLEDORAM:

Q When the contract was signed in 1950, in

Fort William, along the road which is now the Trans-Canada, was the road which had been there for many years?

A That is right.

Q It was in the province of Ontario?

A Yes.

Q And contracts were let for improvements on that road?

A Yes.

Q Perhaps 30 or 40-odd miles?

A Already going.

Q And in the midst of that, there were changes of Trans-Canada regulations?

A That is correct.

Q Without calling new contracts?

A That is correct.

Q So, to lift them up to the high specifications set by the Federal Government, you had to completely change the road?

A That is right.

Q Which was already under construction?

A That is right.

Q I want to make that clear, that there was a road there, built by the provincial Government, which had been improved from year to year. There was a

hard surface on it, of some kind?

A That is correct.

Q And the new work in the Fort William Division was east of Port Arthur?

A On the Trans-Canada, yes.

Q And you might make it very clear that the Fort William Highway Division includes the whole ridings of Port Arthur and Fort William, both, and the new road work done in the Port Arthur riding as part of the Trans-Canada, was there, having been built in the early 30's?

A That is right.

Q And rock cuts were started in the early 30's, to the Ontario Government's specifications?

A Yes.

Q Now they have changed to Federal specifications?

A I would not describe them as "Federal specifications". They are Trans-Canada specifications, to which the province had agreed, but we struck a snag as to what constituted a "1000-foot distance sight".

Q In the Fort William riding, contracts were let under Ontario specifications, and then changed to Trans-Canada specifications?

A Yes.

MR. JANES: That immediately brings up a point, Mr. Mapledoram. Instead of calling new contracts, they re-assess the older contracts.

BY MR. JANES:

Q You can probably answer this question; would there have been any advantage in them calling new contracts?

A It would be very difficult to do so, Mr. Janes, because to stop a contractor in the middle of his work, you have to pay him a considerable sum to have him shut down and pull out, and then you would have to pay the new contractor. The cross-sections which you have installed, might not become the new cross-sections on the new work. It is difficult to transfer to the Trans-Canada standards.

BY MR. MAPLEDORAM:

Q I think if this Committee travels up to Northern Ontario, and goes over that section of the Fort William riding, and goes further into the tail end of my riding, which goes to the English River, they will find 20 miles of paving done by the Ontario Government?

A Yes.

Q And everything is entirely different? In other words, you have the same as a four-lane highway

here, as compared to a one-lane highway anywhere else?

A Yes.

BY MR. OLIVER:

Q That would apply to everything in 1950?

A Yes. In 1951 and 1952, in some cases, we have gone ahead, and when we came to a hill, we did not want to go through it, but the Government said, "No, that will not do; you have to make it go through".

We have argued with the Federal Government, and said we had an alternative that is just as good as the 1000-foot sight distance. I think they will concede the alternative which has been in general use throughout the United States and parts of Canada.

Q It has been suggested that the over-runs were due almost solely to the change in the standards of the road from the provincial standard to that of the Trans-Canada standard. If that is the reason for the over-runs in 1950, would you tell the Committee, in 1951 and 1952, were the over-runs less because you were away from this condition which prevailed in 1950?

A I think we have some forty 1952 contracts finalized, which over-run only 3 percent. or 4 percent. I do not think it was all in the estimates. I am

speaking about the 40 contracts out of 110, which have been finalized, but not in the estimate set-up, because of the inclusion of the granular base.

BY MR. WREN:

Q These would be 1951 contracts?

A Yes, and 1952.

BY MR. MAPLEDORAM:

Q Just one more question in regard to the 1950 contracts. They were done entirely on work orders?

A Yes, they were authorized from Headquarters on the recommendations of the Division Engineer.

Q And inspected by the Federal Department, looking after that particular job?

A Yes, if they were Trans-Canada jobs.

MR. COLLINGS: And instructions were issued, which were thought proper?

THE WITNESS: Yes.

THE CHAIRMAN: I think Mr. Cotnam is in the process of getting the schedules for 1951 and 1952.

MR. COLLINGS: We should have them rather quickly.

THE CHAIRMAN: Thank you, Mr. Millar. You have given a very informative statement.

THE WITNESS: Thank you, Mr. Chairman.

---The witness retired.

THE CHAIRMAN: I think perhaps we might adjourn now for luncheon. I would like to make one announcement. After luncheon, I think the intention is to proceed with the report by Mr. Gordon.

Since this morning's session opened, a representative of the Professional Engineers in the person of Colonel Muir, has come in. I understand, Colonel Muir, that you have a watching brief for the Engineers?

COLONEL MUIR: That is correct, Mr. Chairman.

THE CHAIRMAN: Are there any other groups represented, who have not been announced? (No response).

We will adjourn now until 2:30 o'clock this afternoon.

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---Whereupon the further proceedings of this Committee adjourned until this afternoon at 2:30 o'clock.

A F T E R N O O N S E S S I O N

Toronto, Ontario
Tuesday, May 18th, 1954.
2:30 o'clock, p.m.

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The further proceedings of this Committee reconvened, pursuant to adjournment.

All parties present (excepting Mr. Oliver).

The same appearances as heretofore noted.

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THE CHAIRMAN: Gentlemen, I want to get before the Committee a date, so that everybody's convenience as to allotting their time will be consulted as much as possible, and I have taken it upon myself to provide tentative dates between now and the end of June, and the itinerary upon which Mr. Elson is working will be presented to-morrow morning, together with maps, and so forth, which will be a complete itinerary for consideration by the Committee.

I thought it might help if I passed out these suggested dates now, so you could see what they look like, and to-morrow morning, when we have the maps, we can decide the question.

I will not take up any of the time of the Committee now, except to distribute this tentative

itinerary. Is that agreeable to the Committee?

(Concurred in.)

THE CHAIRMAN: It is all tentative at the moment, of course.

This afternoon, Mr. Gordon will resume, and it is my hope we can get through the first reading of the report at the hearing to-day, in which event we will have available all day to-morrow for other witnesses.

at
However, I would like to say/this that if we are crowded for time, rather than press the Committee unduly from a time angle, it may be necessary to sit on Thursday morning. I presume the Committee would rather sit Thursday morning, than have a night session.

MR. WREN: I have appointments at home for Friday.

THE CHAIRMAN: I am hoping we can dispose of our business in the next day and a half. I mention it now, because I do not want to restrict any discussion. On the other hand, as I have said regarding Mr. Gordon's report, there will be an opportunity after studying it to come back and deal with it in any way we wish. There is no attempt today to rush anything through.

I leave those thoughts with the Committee for the moment, and I would think we should be able to adjourn to-morrow afternoon.

D U N C A N G O R D O N,

a witness previously heard, now recalled, and who having been already sworn, continues his testimony as follows:

BY THE CHAIRMAN:

Q Will you proceed, Mr. Gordon?

A Last night I had come to the end of page 40, and we had arrived at Part III of our report, entitled "Organization".

When we commenced our review of the organization and administrative practices of the Department, we were supplied with the latest official organization chart, which is reproduced on the opposite page.

I might say, Mr. Chairman and gentlemen, that chart is the one which is included in the annual report of the Department of Highways for the year ended March 31, 1953. We have just reproduced it here.

This chart was included in the report of the Department for the fiscal year ended March 31, 1953. As might be expected, a number of changes in the organization were made between the time the chart was prepared in 1952 and the time when we commenced our examination.

During the course of our survey we discussed with each of the permanent senior officials of the Department the nature of their duties and responsibilities. It became clear from these discussions that the

form of organization in practice differed considerably from that depicted in the official chart and that the lines of authority shown in the official organization chart have not always been followed. As we see it, the principal faults in the present organization plan are that -

- (i) In practice, the lines of authority and responsibility throughout the Department are not clear. As a result departmental officers receive conflicting instructions from time to time from various senior officials.
- (ii) In many cases it has proved impossible to hold individuals responsible for the performance of specific activities due to the overlapping of responsibility and the fact that they were not supplied with the staff and information required to control such activities.
- (iii) The Chief Engineer is responsible for an unreasonably large part of the work of the Department. Eight important senior officials at Head Office report directly to him.
- (iv) The Division Engineers are directly responsible to three separate officials at Head Office - the Chief Engineer, the Chief Engineer of Maintenance and the Chief Engineer of Construction.

(v) The work in the field is divided between

Division Engineers who are responsible for the construction and maintenance of highways and District Engineers who work with the counties, townships and other municipalities throughout Ontario. The District Engineers report to the Chief Municipal Engineer at Head Office who, in practice, reports either to the Deputy Minister or direct to the Minister. There is no formal integration of the work done in the field by the Division Engineers and the District Engineers.

(vi) The Financial Controller now reports direct to the Minister and not to the Deputy Minister.

(The Registrar of Motor Vehicles who ranks as a Deputy Minister also reports direct to the Minister. This is referred to later herein).

In developing the proposed plan of organization for the Department, we studied the organization plans of the highway departments of three other Canadian provinces and of six States of the United States of America.

Q Would you name those States, as you go along, please?

A Arizona, Minnesota, North Dakota, Indiana,

Michigan, and we also saw a proposed organization plan of the Department of Highways in Wisconsin.

BY MR. WREN:

Q And which provinces, Mr. Gordon?

A Alberta, Manitoba and Quebec.

In developing the proposed plan of organization for the Department, we studied the organization plan of the highway departments of three other Canadian provinces and of six States of the United States of America, as well as the general principles of organization which apply both to Government departments and private industry. We believe that the plan which we propose should permit the Department to discharge its responsibilities effectively and at the same time to retain adequate control over its operations. The plan is flexible enough to provide for expansion and should permit the best use to be made of the abilities and experience of the present staff.

We believe that an organization of the size of the Department with widespread activities throughout the Province can best be operated with responsibility and authority decentralized, provided adequate controls are established on a centralized basis. Staff Branches and Divisions at Head Office should develop over-all policies, co-ordinate and control activities and supply

services to the field staffs.

The plan of organization which we propose for the Department is set out in chart form on the opposite page.

I might explain these double charts. They open backward to what you would expect, so you can look at them while reading the text.

Our principal recommendations which are provided for in this chart are as follows -

- (1) The Deputy Minister should be responsible for all of the operations of the Department. The Chief Engineers and the heads of all Branches should be responsible directly to the Deputy Minister. (As indicated in the chart we suggest that an exception be made in the case of the Registrar of Motor Vehicles, who for the time being, should continue to report to the Minister.

BY MR. WREN:

Q Would you amplify that just a little, Mr.

Gordon?

A What is that?

Q You are not suggesting taking away any powers from the Minister?

A Oh no.

Q His functions would remain the same?

A That is right.

(2) The Department's two field organizations should be merged and strengthened. The work which is being done with the counties, townships and other municipalities should be integrated with the work being done on the construction and maintenance of highways. One senior engineer should be placed in charge of all the work done in each district with the title of District Engineer.

BY THE CHAIRMAN:

Q May I interrupt for a moment? This may be an appropriate spot for it.

I understand your plan co-ordinates these two Branches, Construction and Maintenance. It has been suggested to me by some people who have had some experience in this sort of work, that we ought to look into the advisability of separating completely the two Branches, "Construction" and "Maintenance".

Have you given any thought to that particular feature, Mr. Gordon?

A I would put it the other way, Mr. Chairman. Our thinking all the way through has been there should be one representative of the Department of Highways

responsible for each territorial area in the Province, and he should have all the activities of the Department of Highways come under his direction.

BY MR. MAPLEDORAM:

Q Could you give us any reason for thinking that?

A I think if you have more than one area engineer responsible, you have a dual line of authority back to Head Office, and there is apt to be a conflict of opinion in the field, whereas, if you have one man responsible, everybody knows who is responsible.

Q You feel they did not co-ordinate their responsibilities at all in the area?

A If they do not have their direct line back to Head Office, it might be difficult to co-ordinate their responsibilities.

BY MR. GRUMMETT, Q.C.:

Q Then it might be difficult to say to whom a certain portion of the work belonged? You might have more difficulty separating the authority of two engineers?

A I think, if you have dual authority in any area, there is a lack of clarity.

BY MR. MAPLEDORAM:

Q Just one more question: Where you have a Divisional Engineer, do you propose to have a man above

him, and call him a "District Engineer"?

A I would put it the other way. At the moment, you have the Divisional Engineer and the District Engineer.

Q Should there be one man above the two, or would you tie them into one?

A I think "merging" is the word we use. They should be merged into one. There should be one whom we call the "District Engineer" in charge, and he would have a man on his staff responsible, full time, for the municipal aspects.

Q Is that not true in some respects, for the Divisions now?

A I expect the Division Engineer also acts as District Engineer in some areas.

BY THE CHAIRMAN:

Q Would you give the District Engineer a more important role in your plan, than he has at the present time?

A Yes, I think he would have a more important role.

May I call your attention to the change of terminology which has come up.

As we have entitled the senior man in the field as "District Engineer", in the report we have referred to

them as "District Engineers", whereas in the past, they have been known as "Division Engineers".

MR. MAPLEDORAM: That is what threw me out.

THE WITNESS: (3) There should be five senior officials at Head Office reporting to the Deputy Minister, viz;

- (a) A Chief Engineer who should be responsible for the construction and maintenance of highways and for those activities provided for under the Highway Improvement Act in connection with counties, townships and other municipalities.
- (b) A Director of Planning who should be responsible for preparing and keeping up to date a long-term plan for the development of the highway system in the Province, and for recommending the priorities which should be allotted to particular projects.
- (c) A Personnel Manager who should be responsible for developing policies respecting the recruitment and training of personnel and the administration of salaries, wages, etc.
- (d) A Services Manager who should be responsible for a number of service functions including the purchase of materials and supplies, acquisition and administration of properties and for stores and equipment.

(e) A Financial Controller who should be responsible for all accounting procedures and the development of control information.

BY THE CHAIRMAN:

Q Would you indicate on the plan whether "Personnel Manager", "Services Manager", and "Financial Controller", are on the same level on the chart? Would you name the seniority, if there is to be any, of these four divisions, one in relation to the others.

A I do not think there would be any seniority. I think they are all equal in their own fields. There may be some variations in salary due to areas, but from the point of view of responsibilities in the field, I think they stand on equal footings -- put it that way.

Q There is only one of these four? The only one who would be comparable at all would be the Financial Controller.

A Our thinking there is the Financial Controller, who, at the moment, is reporting directly to the Minister. We would retain that position, but put a few other functions under his control.

BY MR. MAPLEDORAM:

Q To whom would he report?

A The Deputy Minister. He would report directly to the Deputy Minister.

BY THE CHAIRMAN:

Q The "Director of Planning", the "Personnel Manager", the "Services Manager", would be three new senior officers, if this plan were adopted?

A That is right.

(4) The Chief Engineer should have four senior assistants at Head Office and several Inspecting Engineers, viz:

- (a) A Construction Engineer who should be responsible for directing and controlling the approved highway construction program throughout the Province.
- (b) A Bridge Engineer who should be responsible for bridge design and the control of the approved bridge construction program throughout the Province.
- (c) A Maintenance Engineer who should be responsible for directing and controlling the approved maintenance program throughout the Province.
- (d) A Municipal Engineer who should be responsible for directing and controlling the work performed under the Highway Improvement Act with the counties, townships and other municipalities throughout the Province. (This official would be responsible for the work

presently being done by the Chief Municipal Engineer but would not exercise direct line authority over the District organizations).

- (e) Three or four Inspecting Engineers who should provide continuous liaison between the eighteen District Engineers and the Chief Engineer and his four staff advisers.

BY MR. WREN:

Q What is your point of criticism there, Mr. Gordon? Is the Chief Municipal Engineer not going over the authority of the District Office?

A When we suggest that the present districts and divisions should be merged into one unit, with one man responsible for a geographical area, we then feel that one man should be responsible again to one person at Head Office.

BY MR. MAPLEDORAM:

Q The Chief Engineer?

A Yes.

BY MR. JANES:

Q Do you think one man can handle that?

A I think he can, if he is properly equipped with a staff to assist him in his work.

- (5) Responsibility for the work of the Department should be redistributed under the senior officials

referred to above in the manner described in the following pages of this report.

The form of organization depicted in the chart, known as "line and staff", provides a direct line of authority from the Minister and Deputy Minister through the Chief Engineer to the District Engineers in charge of operations in the field. The District Engineers should be responsible to the Chief Engineer for carrying out the approved policies and procedures developed by the staff Branches and Divisions and for submitting reports to them when requested to do so. They should not receive orders, however, or be subject to the direct control of the staff Branches and Divisions at Head Office. In practice, each staff Branch or Division should see that the Districts comply with the policies and procedures developed by that Branch or Division and agreed to by the Deputy Minister or the Chief Engineer. In the event that a staff Branch or Division finds that approved policies or procedures are not being followed, this should be drawn to the attention of the Deputy Minister or Chief Engineer for action.

The duties and responsibilities of the Deputy Minister and of the senior officials in the Department are discussed in the following pages.

Deputy Minister

The Deputy Minister should be responsible to the Minister for carrying out the policies of the Government pertaining to the Department of Highways or required under the various Statutes which apply to the Department. In order to discharge these responsibilities he should be given complete authority to administer and control the staff of the Department, subject to civil service regulations, and a free hand in implementing the proposals for reorganizing the Department when these are approved. We recommend that the Deputy Minister be provided with two personal assistants with the titles of Assistant to the Deputy Minister.

BY THE CHAIRMAN:

Q May I ask you, just there, where would they rank in this set-up? Would they be below the Director of Planning, and that sort of thing?

A They would rank junior to anybody shown on this chart.

BY MR. MAPLEDORAM:

Q In other words, they are just assistants?

A They are not associates in any way; they are assistants to the Deputy.

One of these Assistants should be responsible for all information given out to the public including the

Department's annual report and other publications. In addition, he should be responsible for supplying answers to enquiries in connection with proposed new roads or changes in existing roads. He should, himself, obtain the information required to supply such answers from the appropriate officials, instead of directing the persons making the enquiry to apply directly to the official concerned as has been the practice in the past. The other Assistant to the Deputy Minister should be available to follow up and reply to complaints, and to interview members of the public who may have problems in their dealings with the Department.

The obvious reason for these two assistants is to try and free the Deputy from many details.

BY MR. MAPLEDORAM:

Q Do I understand they would probably be in the same role as is the practice in industry, "Executive Assistant", or something like that?

A Not "Executive Assistant". I think you will find in industry, such roles as "Assistant to the President", or something of that nature, but I think here you will avoid the use of the useless word "Executive". They are only acting on behalf of the Deputy, he is not delegating any authority to them.

Planning Branch

As pointed out earlier in this report, more consideration should be paid to the long-term planning of the highway system in Ontario. We therefore propose a Planning Branch whose whole attention can be devoted to this work under a Director of Planning, who should be directly responsible to the Deputy Minister. The Director of Planning should prepare and keep up to date a long-term plan for the development of the highway system in the Province. In order to do this it will be necessary to make studies of population growth and industrial development and to forecast the motor vehicle usage resulting from such growth. The Director of Planning should work closely with the other government officials who are concerned with planning and the economic development of the Province in order to be fully informed as to their plans for the future. He should direct traffic studies and anticipate the effect of projected new highways in the United States on the highway system in Ontario. He should be responsible also for recommending the general route to be followed by new roads and, after consultation with the Chief Engineer, for recommending the priority to be allotted to particular projects and for preparing a program of work to be carried out as far in advance as possible.

The chart on the opposite page outlines the organization proposed for the Planning Branch, and shows that it would be divided into four Sections under the direction of a Traffic Engineer, a Priorities Engineer, a Location Engineer and a Statistician, each of whom should be responsible to the Director of Planning:

BY MR. COLLINGS:

Q Just there, Mr. Gordon: Suppose Mr. Wren and Mr. Grummett would like to interview somebody with reference to a road into a mine; would they, when they come to the City, interview the Planning Director?

A I think they should start with the Deputy Minister, and if the Deputy Minister wished them to talk to somebody else in the Department, he could bring that person in and introduce them. I, personally, think any enquiry from Members as to what may happen, should start at the top of the Department, and not come in, half-way down.

Q It is like the Minister meeting a deputation?

A That is right. You cannot start talking to individual engineers.

May I point out one thing? On the board here (indicating) is an over-all chart, which I am afraid it is difficult for most members of the Committee

to see, and we have inserted individual charts all through the report, but this (indicating) is an over-all chart of the whole thing.

BY THE CHAIRMAN:

Q Do you want to refer to this?

A No, I do not. But it is there, if anybody wants to see it, and it all fits together.

- (a) The Traffic Engineer should be responsible for developing an over-all picture of the density and direction of traffic throughout the Province based on a program of traffic counts and destination surveys. He should be responsible for drawing to the attention of the District Engineers or the Priorities Engineer locations where traffic conditions are unusually heavy or where accidents are taking place. He should be prepared to make studies of particular situations at the request of the District Engineers or the Priorities Engineer. He should also be responsible for regulations in connection with traffic signs and marking of highways.
- (b) The Priorities Engineer should be responsible for developing a long-term plan for the highway system in Ontario. This plan should be kept up to date at all times in the light of current

industrial and economic forecasts, over-all plans for the development of the Province and traffic conditions. He should examine proposals for new roads or improvements to existing roads against the requirements of the long-term plan, current traffic conditions and funds available. He should prepare an over-all program for construction for several years in advance and recommend a firm priority of projects for the following year.

BY THE CHAIRMAN:

Q He would have to be a pretty efficient individual.

A As efficient --

Q You are contemplating a pretty competent person for that job?

A That is right.

MR. JANES: Superman.

THE CHAIRMAN: I do not know about "Superman". He would be under the Director of Planning, but you would expect him to be exceptionally good.

A He would work with the Director of Planning, being one of the good engineers in the Department. Let us put it that way.

There are a number of people here who will have

responsible jobs in exactly the same way. What I wanted to avoid was saying he had any more responsibility than somebody else in another spot.

(c) The Location Engineer should be responsible for recommending the general route to be followed by new roads or major changes in existing roads and for making preliminary estimates of the cost of such projects. When necessary he should arrange for aerial surveys and direct the work of interpreting the photographs in order to select routes. If necessary he should call on the Special Project Engineer in the Construction Division, mentioned later herein, to conduct ground survey work. He should not become involved in the detailed engineering work which will be required before contracts are called and should only develop plans to a point that decisions can be made to proceed with the detailed planning of particular projects.

(d) The Statistician should be responsible for compiling and interpreting the information obtained from the Traffic Engineer and other sources as may be required by the Planning Branch or other Branches in the Department.

Personnel Branch

Mention has been made of the need for developing policies in connection with recruitment and training of the staff and for improving the administration of their salaries and wages. In order to do this we believe it is important to organize a Personnel Branch with an adequate staff, under a Manager, who should be responsible directly to the Deputy Minister. The staff in the Personnel Branch should act as advisers to the other Branches and operating personnel, and should not themselves attempt to make the final decisions in connection with individual employees.

The chart on the opposite page outlines the proposed organization for the Personnel Branch. We suggest that the work of the Branch be divided among three main Sections - Employment and Training, Salary and Wage Administration, and Records and Statistics. The duties and responsibilities of the heads of each of these Sections are outlined below:

- (a) The Supervisor of Employment and Training should be responsible for consulting with Branch Heads and District Engineers to ascertain their future manpower requirements. He should be responsible for carrying on active recruitment of staff or recommending transfers to fill the requirements

within the limits of approved establishments.

Whenever possible, after careful selection, he should recommend that employees be placed in the positions for which they are best suited. He should develop procedures to be used by the District Engineers for "on the job" training and for special instruction to assist in developing the staff and qualifying them for supervisory and skilled jobs.

- (b) The Supervisor of Salary and Wage Administration should initiate a study to establish proper job descriptions for all positions in the Department and to adjust salaries and wages to reflect relative levels of responsibility. He should establish procedures which will permit the prompt processing of all approved salary and wage adjustments in keeping with the accepted salary and wage structure. He should be prepared to quickly evaluate new positions which may be created from time to time.
- (c) The Supervisor of Records and Statistics should be responsible for maintaining employee records including vacation credits and gratuity accruals. He should supply statistical reports as required, including labour turnover, employee classifications, total number of employees, etc.

In addition to the above, the Personnel Manager should have available one or more experienced Personnel Officers for direct contact with the personnel of the Department. The Personnel Officer should investigate complaints, and assist the Personnel Manager in developing policy. He should investigate problems as requested by the Section Supervisors in the Branch, and make periodic visits to the staff in the Districts.

Services Branch

There are a number of service functions which in the past were the responsibility of the Chief Engineer. We suggest that these functions require the full-time attention of a senior official. We propose the establishment of a Services Branch, under the direction of a Services Manager, who should report direct to the Deputy Minister. The Services Manager should be responsible for the purchase of construction and maintenance materials and of equipment; for the acquisition of properties and their administration; for supervising stores and equipment; for surveying and registering properties; and for the calling of tenders.

The chart on the opposite page outlines the proposed organization of the Services Branch and its five Sections under the direction of a Purchasing Agent, Superintendent of Properties, Superintendent of Stores

and Equipment, Superintendent of Surveys and a Tenders Secretary. The responsibilities of each of these officials are outlined below:

- (a) The Purchasing Agent should be responsible for developing and recommending a purchasing policy for the Department after giving consideration both to the economies which should result from centralized purchasing, and to the importance of providing satisfactory service to the staff of the Districts under normal and emergency conditions. He should be responsible for locating suitable sources of supply for the materials required by the Department and placing purchase orders to obtain such materials at the lowest possible cost.
- (b) The Superintendent of Properties should be responsible for the acquisition of the property required by the Department. This should include title searches, appraisal, purchase or expropriation and registration of properties. He should be responsible for recording the properties owned by the Department and for their management until they are required, or until such time as he is authorized to dispose of them. He should be responsible for drawing up regulations to govern

the erection of buildings and for signs in the vicinity of highways.

- (c) The Superintendent of Stores and Equipment should review the present stores operations and develop policies to be followed in future both in the Districts and in the central stores. He should be directly responsible for the operation of the central stores. He should review the present methods of controlling and maintaining vehicles and equipment, and develop policies in connection with their purchase or rental, and for their maintenance. He should develop and put into effect a plan for standardizing equipment by Districts.
- (d) The Superintendent of Surveys should be responsible for carrying out land surveys and preparing the legal plans and descriptions required for the registration of properties acquired by the Department. This work should be performed either by his own staff or, when necessary, by the employment of outside Ontario Land Surveyors. He should be responsible for preparing plans and Orders-in-Council in connection with the "assumption" of roads and the required closing of roads resulting from the development of controlled access or new highways. He should supply

survey services to other Branches of the Department as approved by the Services Manager.

- (e) The Tenders Secretary should be responsible for the routine work of calling for tenders upon instructions from the Operations Branch or from the Purchasing Agent. He should be supplied with all the information required in connection with tenders and should be responsible personally only for the preparation and insertion of advertisements and for providing information to qualified bidders. He should act as Secretary at the opening of tenders and be responsible for recording the bids, supervising the checking of such bids, and giving notice to the successful and unsuccessful bidders. He should prepare the contracts for approval and make arrangements for performance bonds.

BY THE CHAIRMAN:

Q May I ask this question, before you go to the "Finance Branch"?

Have you any thought of the time factor involved in reorganizing the Department into all these different sections?

A I think to a certain extent it can be started immediately. I think there will be some positions which

cannot be filled immediately, and until they can be filled with suitable personnel, there will be some time lag. I should think it would be from six months to a year before we could get completely into the new organization.

Finance Branch

The Controller should supply the Deputy Minister, the Chief Engineer, the heads of the Branches and Divisions and the District Engineers with the basic information necessary to control the operations of the Department. He should formulate accounting, budgeting and costing policies and provide guidance on the methods and procedures to be used. He should introduce an accounting system which will provide an adequate internal control of transactions and direct an internal audit staff who should make tests to ensure that the system is operating effectively. This internal audit staff should supplement the work of the Provincial Auditor and his staff. We suggest also that certain office services such as central records, stationery supplies, printing, mailing, etc. should be placed under the direction of the Controller.

The proposed organization plan for the Branch is set out in chart form on the opposite page. As indicated on the chart we suggest that the Controller be

assisted by a General Accountant, a Budget Accountant, and Internal Auditor, an Office Services Supervisor and an Assistant to the Controller. The responsibilities of these officials are summarized below:

- (a) The General Accountant should be responsible for maintaining the general accounting records of the Department and for processing all payrolls, accounts receivable and accounts payable. He should be responsible for the accounting system and procedures including the basis of distribution of costs throughout the Department.
- (b) The Budget Accountant should be responsible for the Departmental Estimates and for developing a system of budgetary control over all expenditures to ensure that the Department operates within the approved budget. He should supply Branch and Division Heads and District Engineers with reports showing the financial results of operations from month to month and outlining variations from budget. He should be responsible for developing the budgetary control procedures to be followed by the District Accountants.
- (c) The Internal Auditor, after consultation with the Provincial Auditor, should work out an audit plan to ensure that the system of internal control is

in fact operating effectively. In addition to auditing the Department's own records, he should carry out audits of the records of municipalities receiving subsidies and, when requested, make examinations of the records of contractors in connection with particular contracts.

- (d) The Offices Services Supervisor should be responsible for providing office services to the Department including central records, stationery supplies, printing, mailing, etc.
- (e) The Assistant to the Controller should advise and assist the General Accountant, Budget Accountant and Internal Auditor in introducing the necessary revisions to the accounting system required to control operations, and advise the operating personnel in its interpretation and use. If the system of pre-qualification of contractors, recommended elsewhere in this report, is approved, he should be responsible for drafting the pre-qualification regulations, and subsequently advising in connection with the financial rating of contractors and for compiling all the information required to supply current ratings.

Operations Branch

The Chief Engineer should be responsible to

the Deputy Minister for carrying out the policies agreed upon in connection with the construction and maintenance of the King's Highways and Secondary Roads and for supervising the Department's activities in connection with counties, townships and other municipalities as provided for in the Highway Improvement Act. He should also be responsible for ensuring that the policies developed by the other Branches, and approved by the Deputy Minister, are carried out by the District Engineers.

The Proposed organization of the Operations Branch is set out on the chart on the opposite page and shows that the Chief Engineer will be assisted by four staff Division Heads, a Construction Engineer, a Bridge Engineer, a Maintenance Engineer, and a Municipal Engineer, and also by several Inspecting Engineers.

(Page 500 follows)

I might point out that this Division, under the Chief Engineer, will really be of equivalent importance to the Branches mentioned previously, such as those under the Director of Planning, the Personnel Manager, and so forth.

We should point out that the responsibilities of the Construction, Bridge, Maintenance and Municipal Engineers are not the same as the responsibilities of the Chief Engineers of Construction and Maintenance, the Bridge Engineer and the Chief Municipal Engineer, under the old organization. The heads of the proposed Divisions should be responsible for developing policies and procedures for approval by the Chief Engineer who should issue them to the District Engineers. They should also be responsible for introducing controls which will ensure that approved policies and procedures are followed in the Districts and for informing the Chief Engineer of any deviations therefrom, in order that he may take the matter up with the District Engineers concerned. In actual practice, the heads of the staff Divisions should deal direct with the District Engineers and their staffs on routine matters, and provide technical advice when required. It should be clearly understood in this connection, however, that they are acting on

behalf of the Chief Engineer. The District Engineers should have direct access to the Chief Engineer on any subject if they so desire.

The Inspecting Engineers should be senior departmental employees freed from routine duties, who should provide continuous liaison between the Districts and the Chief Engineer. Each of them should be allotted a number of Districts, and visit such Districts as representatives of the Chief Engineer to provide advice and to check on operations. It is important that they should avoid becoming direct links in the chain of authority. The Inspecting Engineers should make regular reports to the Chief Engineer on their visits, and pass on any pertinent information to the appropriate Branch or Division head for his information. At some time in the future when the Engineering Divisions are fully organized and staffed, it is possible that the position of Inspecting Engineers may not be required.

The responsibilities and the staff of each of the four Divisions under the Chief Engineer are discussed briefly in the following paragraphs:

Construction Division

The Construction Engineer should receive the approved program of work for new roads and

improvements to existing roads, drawn up by the Director of Planning. He should be responsible for developing the procedures to be followed by the District Engineers or his own staff in the design, detailed engineering and estimating. He should ensure that such procedures have been followed before tenders are called. After contracts have been awarded, he should be responsible for ensuring that the work is carried out and paid for in accordance with the terms of the contracts.

The Construction Engineer should discharge his responsibilities by drawing up the policies and procedures to be followed and examining reports submitted on work actually performed. He should also supply technical assistance and additional staff to the District Engineers as required. The District Engineers should, however, be directly responsible for carrying out the work unless the Chief Engineer specifically directs members of the Head Office staff to perform it, in which case the District Engineer should be kept fully informed.

BY THE CHAIRMAN:

Q Would you just pause there for a moment? That is really to give each District Engineers more complete control over his own bailiwick?

A Yes.

Q In other words, he has a job to do, and the responsibility for doing it will not be interfered with unduly, as long as he does his job properly?

A The policy is laid down at Head Office. The job is given to the District Engineer to perform, and Head Office controls it by the over-all control.

BY MR. WREN:

Q Recently, Mr. Gordon, in the Press, it was announced that there was a committee to look at these things about which you are speaking here. Would this set-up do away with the need for the inter-departmental committee to do these things?

A No. I think the purpose of the inter-departmental committee was to pass on any unusual items which might arise in the future.

BY MR. COLLINGS:

Q Do you approve of that committee which was set up?

A Yes. As we mentioned, in the first half of the report which I read yesterday, we do not think, if the procedure we recommend here is adopted, there will be but very few matters which need to be reviewed, but in the event of these unusual matters arising, they would be referred to this committee of Deputy Ministers.

BY MR. WREN:

Q Would it be for this committee to decide whether it was "unusual" or not?

A I do not think the committee would know it was unusual until the matter was referred to it by the Chief Engineer, or the Deputy Minister of Highways.

Q That is the point I am getting at. Who would be responsible for referring it?

A The Deputy Minister of Highways.

BY MR. GRUMMETT, Q.C.:

Q The Inspecting Engineers, when going around through the Districts, would come in contact with the District Engineers; would they have any authority to direct the operations in any way, of the District Engineers? That is, are they senior, or just merely engineers reporting back?

A They would be senior. Any direction they gave would be not on their own authority, but acting on the authority of the Chief Engineer. They have no authority to interfere.

Q And that is the policy, as laid down in Head Office?

A Yes. If they saw the policies were not being followed out, they would call the attention of the District Engineer to that fact.

Q And report back to the Chief Engineer?

A Yes, and report back to the Chief Engineer.

BY MR. WREN:

Q This committee; to whom would they report about the unusual items?

A What I have in mind is this; if an absolute interpretation of the terms of a contract, in the opinion of the Department of Highways, would result in a hardship on a particular contractor, because of some circumstance which came up, which was beyond everybody's control, then I think the departmental engineer would quite properly recommend that some additional remuneration be paid to that contractor. In that event, as I see it, the Chief Engineer would make a recommendation that such should be done, to the Deputy Minister. If the Deputy Minister did not agree with it, he would forward that recommendation to this inter-departmental committee, but if he agreed, the thing then could be gone ahead with. If they do not agree, it would not be gone ahead with.

Q Would they report back to the Deputy Minister?

A The Deputy Ministers will be sitting on this committee, as a member of it.

Q I am trying to fix in my mind to whom the committee would be responsible.

A What the committee is doing, is giving approval to a recommendation, prior to its being passed to the Treasury for payment.

Q Perhaps, in a larger form, it is usurping the authority of the Minister himself?

A No, I do not think so.

Q Should not the committee report back to the Minister?

A That might be a better way of doing it.

Q Inasmuch as the Deputy is on the committee?

A What you are really trying to do is to allow some independent body to back up the judgment of the Department of Highways, in a difficult situation.

BY HON. MR. PORTER:

Q For the protection of the Department?

A That is right.

BY MR. MAPLEDORAM:

Q That would be a claims committee? It would be the saving of money they would be looking for?

A Yes. I do not think it would come up, when things get smoothed away, more than once or twice a year. I do not think it would be more often ~~that~~ things would be referred to the Committee.

In any heavy work, there will always be situations encountered which have not been provided

for, and it will be a protection if the committee pass judgment on it, before the amount is paid.

Q They would be the final authority before the Treasury issued the cheque, in payment of the work?

A Yes.

Q Then their recommendation should go to the Treasury Department.

A If it required the Minister of Highways' approval, it would come back to him.

BY HON. MR. PORTER:

Q It is not a question of reporting to anybody. It is merely a matter of having an independent body of civil servants, which would approve some arrangement which, if left entirely to the Department, might be open to some comment of some kind.

THE WITNESS: Yes.

BY MR. WREN:

Q There is a fundamental issue there. Under the rules of Parliament, the Minister would, in the final analysis, be responsible. After all, somebody has to control the Civil Service, as it were. He is responsible to the Legislature.

THE CHAIRMAN: Is the situation not this; if the committee approves, it is paid, and that is the end of it. If it does not approve, it comes back to

some proper officer to try and straighten it out.

MR. WREN: What I am trying to get at -- and perhaps I am being too theoretical -- but it seems to me it is essentially a committee of the Civil Service, and I would not want the Minister to be side-tracked. I think the Minister should have some say about it, in the course of events. It may be that in mid-year, when someone wants an advance, or extra money, the Minister cannot go to the Legislature.

THE CHAIRMAN: It is not his job to approve it. It is a case of final authority for payment. Am I right on that, Mr. Gordon?

THE WITNESS: This committee comes into play when it is necessary to get authority before final payment.

BY MR. COLLINGS:

Q Will you explain what happens now in case of an emergency? Who, then, can tell us what the committee will do?

A As I understand it, under present conditions, if the Chief Engineer certifies, payment can be made. I am not sure whether it has to have any other approval than that. I think it goes straight to the Treasury for payment. This is a check on his judgment, if you like.

BY MR. WREN:

Q Maybe I misunderstand your point. As I understand it, thinking along this re-organization line, there would be final payment of the contract, if everything was in order, and the contract and account corresponded, it would be paid in normal procedure?

A That is right.

Q It would not have to go to this Committee?

A That is right.

Q It is only where an item is unusual?

HON. MR. PORTER: Where it goes beyond the strict terms of the contract.

MR. WREN: That is right. Then I am just questioning whether the Minister should not have the right to deal with it, before anybody else.

THE WITNESS: I do not think at any time, Mr. Wren, there has been any thought of by-passing the Minister. I think the normal routine would be followed, with one exception, that where there was some unusual circumstance, or an unusual recommendation, it would be looked at by this special inter-departmental committee.

Q The finalization of the contract would be routine?

A I do not think it has anything to do with the finalization of the contract. I think it is simply routine.

BY THE CHAIRMAN:

Q Will you proceed, Mr. Gordon.

THE WITNESS: The proposed organization plan for the Construction Division is set out on the chart on the opposite page. The responsibilities of the principal engineers in the Division are outlined below:

- (a) The Road Design Engineer should be responsible for the development of standard specifications for each class of road. He should approve the design and specifications for each project and scrutinize the estimate before tenders are called. He should be available to advise the District Engineers on design problems. In the case of certain major projects such as four lane highways or interchanges, the design, specifications and estimates should be prepared at Head Office but the engineer in charge should work closely with the District staff as to the local conditions.
- (b) The Special Project Engineer should co-ordinate the construction work and provide technical

advice and direction in connection with major new highways. He should have available a number of project engineers who could be detailed to take charge of special projects under the direction of the District Engineers. These project engineers could be detailed to work for the Road Design Engineer in carrying out the preliminary engineering for a major new project and then be attached to the staff of the District Engineer to supervise its actual construction. The Special Project Engineer should provide the necessary liaison with any firms of consulting engineers employed to carry out the detailed engineering and estimating of particular projects.

BY MR. WREN:

Q How does that compare, Mr. Gordon, with what is done now? What improvement is there?

A I would say it is pretty well a re-alignment of duties. There have been several changes in the last couple of years, and I think this is just pretty well what has been done in the past, which is being put down in black and white.

Q Just providing for more engineers?

A Providing for more engineers, yes.

(c) The Contract Control Engineer should receive the plans, estimates and other details of approved projects and ensure that they are complete and ready for tenders to be called. He should collect all the engineering information required by the Tenders Secretary (referred to previously) in order to call for tenders. He should be responsible for maintaining a continuous check on the progress of contracts, and for enquiring into and recommending for approval all supplementary estimates and changes in contracts. He should be required to approve all progress payments and direct the checking and final approval of each contract. In the event of anything unusual coming to his attention, or in the event of a contract exceeding the original estimate by more than 10%, he should report in writing to the Construction Engineer. He should be responsible for following up contracts which appear to be behind schedule and for ensuring that necessary action is taken to meet the completion dates.

BY MR. WREN:

Q Why do you use the figure of "10%"?

A It just seemed like a reasonable figure.

Q You think under 10% would be a reasonable allowance?

A Yes.

Q And anything over that requires special attention?

A Not necessarily, but we feel anything over that should be looked into particularly, to find out why it has run over.

(d) The Soils Engineer should be responsible for directing the work of the soils laboratory and field staff. He should be responsible for drawing up standards and specifications of materials and for testing the materials actually used on construction projects. He should be responsible for training the Materials Inspectors on the staffs of the District Engineers. He should make staff available to the District Engineers or Special Project Engineer to make soils tests and studies as may be required in connection with the planning and estimating of particular projects.

(e) The Survey Engineer should be responsible for developing engineering survey standards and procedures, training the field staff in their use and directing spot checks of the survey work

of the engineering staff to ensure that the approved methods are being used.

- (f) The Supervisor of Draughting should direct a central group of draughtsmen, who should supply to the requirements of the various engineers in the Division.

THE CHAIRMAN: Mr. Wren, Mr. Oliver is not here, and I hope you will draw his attention to this.

MR. WREN: Yes, I certainly will.

THE WITNESS: (continuing):

Bridge Division

The Bridge Engineer should be responsible for the design, specifications and plans for bridges and major culverts and for making estimates of their cost. He should receive the approved program of work drawn up by the Director of Planning and develop the detailed information required to call for tenders. After contracts have been awarded, he should be responsible for ensuring that the work is carried out and paid for in accordance with the terms of the contract. The Bridge Engineer should also be responsible for providing technical advice to the Maintenance Division, District Staffs and municipalities, when required in connection with the maintenance of bridges.

All major bridges and culverts should be designed under the direction of the Bridge Engineer and this work should not be decentralized to the District Engineers. The proposed organization of the Bridge Division is set out on the chart on the opposite page, and the responsibilities of the principal engineers are briefly discussed below.

(a) The Bridge Design Engineer should develop the standards of bridge design and be responsible for preparing the plans, specifications and estimates for the construction, reconstruction or repair of bridges and major culverts. In designing a bridge, he should consult with the other Engineering Divisions and with the Districts, to ensure that the design adopted is suited to the requirements of the highway in question and to local ground conditions. The program of bridge design should be co-ordinated with the over-all construction program. As has recently been the practice, outside consulting firms should be employed whenever necessary to develop the detailed plans.

(b) The Bridge Control Engineer should receive from the Bridge Design Engineer the approved plans and estimates of bridges. He should ensure

that all the information and approvals required before calling for tenders are obtained and forwarded to the Tenders Secretary. He should ensure that qualified Resident Engineers are assigned to each bridge contract to properly control the work and he should maintain a continuous check on the progress thereof. He should recommend for approval any supplementary estimates or changes in contracts, and approve progress and final payments. In the event of anything unusual coming to his attention or the contract exceeding its estimate by more than 5%, he should submit a report to the Bridge Engineer. The Bridge Control Engineer should be responsible for seeing that the bridge construction program is being completed on schedule.

- (c) The Bridge Inspection Engineer should be responsible for all field work performed by the Bridge Division other than investigations during the design stage. Staff should be temporarily assigned to him by the other sections of the Division in accordance with his requirements. He should supply technical advice and assistance during construction as

required by the District Engineers or the Bridge Control Engineer. This should include spot checks on bridge contracts to ensure that approved methods are being followed. He should supply technical advice and assistance on the maintenance and repair of bridges and their reconstruction on the request of the Maintenance Division. He should approve the program of bridge inspection laid down by the Maintenance Division; assist in training District staff to properly carry out inspections; and make spot checks and report to the Maintenance Engineer on the standard of bridge maintenance.

- (d) The Supervisor of Draughting should be responsible for supplying draughting and general services for the Division.

Maintenance Division

The Maintenance Engineer should be responsible for developing maintenance policies and procedures to be followed by the District staffs and for controlling the expenditures on maintenance work. The Maintenance Engineer should supply specialized services which would not be justified in each District such as forestry.

The proposed organization of the Maintenance Division is set out on the chart on the opposite

page and the responsibilities of the principal engineers are briefly discussed below.

- (a) The Standards Engineer should be responsible for developing maintenance policies and keeping the maintenance regulations and manuals up to date in accordance with these policies. A very useful set of maintenance regulations and a maintenance manual have been developed by the Division which contain instructions for the maintenance of various types of road surface and procedures to be adopted at different seasons of the year.
- (b) The Control Engineer should assist the District Engineers in the development of their maintenance programs and in deciding on their requirements for maintenance staff in order to comply as economically as possible with the regulations prepared by the Standards Engineer. He should be consulted before any departure from the maintenance standards is authorized as a result of local conditions or circumstances not provided for in the regulations. He should make arrangements in emergencies for the transfer of staff or equipment between Districts.

- (c) The Methods Engineer should be responsible for keeping himself fully informed of new developments in highway maintenance methods and consulting with the District Engineers as to their application under local conditions. He should make recommendations for changes in existing methods and provide the Standards Engineer with the information required to revise standards. He should keep abreast of developments in equipment and conduct trials to determine relative costs. He should work closely with the Superintendent of Stores and Equipment in connection with the purchase of new equipment. He should also arrange on request to provide certain technical services such as forestry, zone painting, electrical safety device inspection, etc., that do not warrant full time specialists in all Districts.

Municipal Division

As previously stated, we recommend that the work presently being done by the Municipal Branch should be carried out in a Division of the Operating Branch under the direction of the Chief Engineer. The field staff of the present Chief Municipal Engineer

should be merged with the field staff reporting to the Chief Engineer. Following such merger, each District Engineer should have on his staff a District Municipal Engineer.

The Municipal Engineer should be responsible for developing policies and procedure to carry out the provisions of the Highway Improvement Act as they relate to municipalities and for approving plans, recommending the payment of subsidies where applicable, supervising the work carried out and providing technical assistance where requested or required.

We are not suggesting a formal segregation of the duties amongst the staff of the Municipal Engineer other than the present grouping of clerical work under a Clerical Supervisor. At least two senior engineers with municipal experience should be assigned to the Municipal Engineer as assistants and two or more experienced engineers should be appointed as Municipal Inspecting Engineers to maintain regular contact with the Districts.

One of the two assistants referred to should be given the task of developing a formula for the equitable allocation of the available funds to municipalities.

It will be necessary for a senior engineer

to check requests for subsidies and ensure that necessary by-laws have been passed and other conditions met. He should be responsible for notifying Districts as soon as approval is obtained and for drawing their attention to any unusual conditions. Subsequently, he should approve the work performed and the requests by municipalities for payment of the Department's share of the expenditures.

District Organization

The District Engineers (presently called Division Engineers) have been responsible for all the activities of the Department in their areas except for relations with municipalities which have been the responsibility of the District Municipal Engineers.

BY MR. WREN:

Q In some Districts, does not the Division Engineer also act in a dual capacity?

A That is right. In some Districts or Divisions, the same man holds the dual appointments.

The District Engineers have had three principal assistants; a Construction Engineer, a Maintenance Engineer and a Chief Clerk. There have been difficulties in co-ordinating certain phases of the work in the Districts due to overlapping of

authority and joint responsibility for similar functions, viz:

- (i) Both the Construction Engineer and the Maintenance Engineer have been making use of the same stores and garages and the responsibility for their operation has not been clearly defined. Recently in an attempt to overcome some of these difficulties, the responsibility for stores has been placed under the Chief Clerks with varying degrees of success depending on the individuals concerned.
- (ii) The Maintenance Engineer has been responsible for maintenance contracts for re-surfacing and as a result, two people in the Division have been dealing with contractors on construction matters.
- (iii) The maintenance of the roads and the upkeep of the right of way have been the responsibility of the Maintenance Engineer and have been carried out by patrols distributed throughout the territory. The large territory involved in some of the Divisions has made supervision difficult.
- (iv) As mentioned previously, the District

Municipal Engineers have reported directly to the Chief Municipal Engineer at Head Office but have been dependent on the District staff for clerical and other assistance.

As already pointed out, we believe that the District Engineers should be given full responsibility and authority for all operations conducted in their Districts within the limits of clearly defined policies developed at Head Office and controlled on an over-all basis. The chart on the opposite page sets out the organization proposed for the Districts and shows that the District Engineer should be assisted by five senior officials --

BY THE CHAIRMAN:

Q That would be in lieu of the three you mentioned above?

A That is right.

Q And expanded by the addition of two more?

A Yes, Mr. Chairman.

(Continuing): -- a District Construction Engineer, a District Maintenance Engineer, a District Municipal Engineer, a District Services Superintendent and a District Accountant. It should be noted that this organization corresponds to that at Head Office except that certain Branches and Divisions need not

be represented at the District level.

BY MR. MAPLEDORAM:

Q Can you tell us how it is physically set up now?

A There is a Construction Engineer, with a Maintenance Engineer, a Division Engineer, and a Chief Clerk. We are suggesting adding -- the municipalities come under the District Engineer -- one new appointment, a District Service Superintendent.

Q You have nobody like that in the Division now?

A No.

BY MR. WREN:

Q What will the duties of the Service Superintendent be?

A I am coming to that in just a moment. The responsibilities of the District Engineer and of his senior assistants are discussed below and reference is made in some instances to the field staff that should be provided.

(a) The District Engineer in addition to his over-all responsibility to the Chief Engineer for the activities of the Department within his area should be personally responsible for the Department's relations with the public and for

ensuring that any complaints are given full consideration and are satisfactorily dealt with. . . He should also be responsible for the personnel policies of the District organization.

- (b) The District Construction Engineer should be responsible for making recommendations in connection with new construction required in the District, and after approval, for preparing the detailed engineering plans and estimates. Once contracts have been let, he should be responsible for ensuring that the work is carried out in accordance with the plans and specifications and within the time allotted. He should be responsible for approving all progress and final payments and for introducing and operating the control procedures developed at Head Office. He should have the same responsibility for supervision of maintenance contracts of a construction nature, once they have been let, and for any work performed by the Department on development roads or in unorganized municipalities performed by outside contractors. The amount of construction taking place in a District will vary from time to time. The

staff of the District Construction Engineer should be sufficient to handle the normal volume of work which will require a number of Resident Engineers responsible for particular projects and a staff under the direction of an Office Engineer or Estimator. In the event that the volume of work in the District is greater than normal, the Construction Engineer at Head Office should provide additional engineers to take charge of projects under the direction of the District Construction Engineer. In the case of major projects, the Construction Engineer should provide a senior engineer to take charge, who should be responsible to the District Engineer and work closely with his other principal assistants.

BY THE CHAIRMAN:

Q Mr. Gordon, may I ask you there if you ever made any estimate of the over-all number of technical men who would be required to handle this set-up properly?

A No, I have not, Mr. Chairman. I do not think there are as many as you may think, from reading this through. It depends on what the construction activities will be, as to how many Construction Engineers

you require. If the Department was up to strength - - but they are not up to strength at the present time.

Q "185"; is that the right figure for engineers?

A I think it is 185 now.

Q Am I right in that figure?

A I think it is 185 graduate engineers.

Q It is more than that; it is 320, or something of that sort.

A 220 technical engineers, of which 130 are University graduates.

Q I stand corrected. It is 220. Would you expect that figure to be up 100 percent. or 200 percent. by this set-up?

A They are under-staffed now by 20 percent. or 25 percent. I would think, in addition to that, our recommendation might involve 10 percent. That is just an aptitude guess. I have not worked it out.

BY MR. MAPLEDORAM:

Q Are we to assume that some of that work is being done in the Department now?

A Yes.

Q All you are doing is sorting it out?

A Yes, and putting it on a piece of paper.

Q Somebody is already doing this work?

A Yes.

BY THE CHAIRMAN:

Q You might need another hundred technical engineers in the categories you have outlined here, the top men in all these subjects?

A Graduate professional engineers.

BY HON. MR. PORTER:

Q In addition to what they have now?

A That is right.

BY MR. WREN:

Q You heard Mr. Millar say this morning they are very difficult to get?

A I think that is one of the Department's problems. They will have to get them.

Q Do you anticipate any trouble recruiting them?

A I do, yes.

BY MR. MAPLEDORAM:

Q Mr. Gordon, is it right to say that in some cases, most of their present staff is over-worked, and carrying too much responsibility in the field?

A From what I have said, I think they have all been heavily over-worked in the last two years.

Q And too many responsibilities?

THE CHAIRMAN: You allowed for that when you suggested the 25 percent. increase?

BY MR. WREN:

Q Would they save money if they had more of these officials?

A I think they would. They would have more control, and I think they would save money on it.

BY MR. COLLINGS:

Q You are not necessarily recommending that they save money, but increase the efficiency of the Department?

A Yes. (Continuing):

(c) The District Maintenance Engineer should be responsible for the maintenance and upkeep of the roads and rights of ways in the area, which are the responsibility of the Department, in accordance with the policies developed at Head Office and within his approved budget. He should also be responsible for keeping the roads open in winter and where applicable for ferry maintenance and operation. The District Maintenance Engineer should make recommendations in connection with re-surfacing and maintenance contracts but the actual supervision of the work on the contracts should be carried out by the District Construction Engineer. He should supervise construction of development roads

or construction in unorganized municipalities which is carried out by staff employed by the Department.

The present organization provides for patrols to carry out the day-to-day maintenance of the roads and rights of way. We suggest the District Maintenance Engineer should be provided with a number of general foremen each of whom should be responsible for the work of a number of patrols. These men should be on the permanent staff of the Department.

- (d) The District Municipal Engineer should be responsible within the policies laid down by Head Office for the administration of the provisions of the Highway Improvement Act as they apply to municipalities. He should review the plans and proposals of the municipalities where subsidies are requested and forward them to Head Office with his recommendations. He should provide overall supervision of the actual work carried out by the Township Road Superintendents. He should keep in close touch with the various municipalities in connection with all road matters and call on the other engineers on the staff of the District or where necessary

on Head Office for assistance or technical advice as may be required. He should approve the requests of the municipalities for reimbursement of expenditures subject to subsidy.

- (e) The District Services Superintendent should be responsible for administering the service policies and directing operations in connection with purchasing, property and stores and equipment. All stores, vehicles and equipment in the District should come under his direction and he should be responsible for providing for the requirements of the engineers within the policies laid down by Head Office. Storemen, garage superintendents, etc. should be responsible to him for their operations.

BY MR. WREN:

Q From your observations, Mr. Gordon, what did you find the situation to be now, in the stores, and the handling of the stores?

A I think we covered that very briefly in the earlier part of the report. Our impression was that over the last two or three years, there have been some very real efforts made to improve the control of the stores, the accommodation for the stores, and the stores

lay-out, generally. They have certainly made a great deal of progress, but we feel they can still make further progress.

Q Would you say it is good, fair or bad?

A I do not think you could cover it in that way. Some places are further ahead than others, depending on the particular person working in a particular area. Some have done a much better job in carrying out the procedure set down by Head Office, than others. It is a matter of getting it uniform, across the board.

Q And thus reduce the inventories and increase control?

A They have done a great deal on that.

Q But prior to that?

A I do not know.

Q Upon what do you base your opinion that there has been improvement?

A From what I have been told.

Q What were you told?

A That they had reduced their inventories, and increased their controls, and things were a great deal better than they were two or three years ago. I have reason to believe that.

Q Did you enquire into the practice of checking

on sundries -- let us say paint, and things like that? Is there an independent test made by a laboratory to check the qualities?

A I think I am right in saying that the Soil Branch has its laboratory to carry out tests, and they are carrying them out.

Q Is there any independent test, by an independent laboratory?

A No. I think the Department's own staff, which is making the tests, is just as satisfactory as getting some independent person.

MR. MAPLEDORAM: They know what they want.

MR. WREN: The railways have independent tests made of car wheel material to ensure there is no collusion any place in ^{regard to} the material which goes into the car wheels.

THE WITNESS: As far as I know, the Department is doing its own testing of materials.

BY MR. WREN:

Q None is done outside at all?

A No, not that I know of.

(f) The District Accountant should be responsible for providing accounting and office services to the District staff in accordance with the policies developed at Head Office. He should be responsible for the preparation and submission of accounting

reports as required by Head Office and for operating such internal controls and procedures as may be laid down.

Motor Vehicles Branch

The Registrar of Motor Vehicles is appointed by Order-in-Council and is responsible to the Minister of Highways for the administration of the provisions of the Highway Traffic Act, the Public Commercial Vehicles Act and the Public Vehicles Act.

The Motor Vehicles Branch has operated separately from the remainder of the Department of Highways and the Registrar has reported directly to the Minister. Co-operation is necessary between the Motor Vehicles Branch and the Department and the Branch has made use of certain services provided by the Department such as personnel and accounting.

In the time at our disposal, we were unable to make a detailed study of the provisions of the Highway Traffic Act, the Public Commercial Vehicles Act and the Public Vehicles Act. But a review of the operations presently being carried on by the Branch showed that they are being efficiently administered. In the circumstances, we would not suggest any change in the present plan under which the Registrar reports direct to the Minister, at least during the incumbency

of the present Registrar.

BY THE CHAIRMAN:

Q You mean by that, you have high regard for the present Registrar, and consider he is doing a good job?

A That is it, exactly.

At some later date however, when the proposed reorganization of the Department is working smoothly, we suggest that the Motor Vehicles Branch become another operating Branch of the Department.

We suggest some simplification in the existing organization structure of the Motor Vehicles Branch by combining; the Main Issuing Division and the Agents Division which should form the Registration Division; ;and combining the Financial Responsibility Unit and the Accident and Statistics Unit which should form the Accident Division.

I am referring there to the names contained on the chart of the organization, set out opposite page 4.

We also suggest that a Supervisor of Accounts and Records be appointed to take direct responsibility for the general accounts, records and files and to advise the other Supervisors in the Branch in connection with the files and records which must be retained in their Divisions.

The chart on the opposite page sets out the proposed organization and we outline briefly below the responsibilities of the four Supervisors:

- (a) The Supervisor, Registration Division, should be responsible for issuing drivers' licences and check permits through the office in the Parliament Buildings, Toronto, by mail, or through agents located throughout the province and for the control of their operations. This Supervisor should be responsible for purchasing, recording and issuing licence plates, and for driving examinations in the Toronto area and for the appointment of examiners in other parts of the province. We suggest the consideration be given to controlling the section concerned with the issue of licences and permits at Head Office in the same manner as control is exercised over the agents located throughout the province. This should result in some saving in clerical staff.
- (b) The Supervisor, Accident Division, should be responsible for the administration of those portions of the Highway Traffic Act relating to enforcement and accident prevention. This should include

the maintenance of a record of all accidents in the province and the tabulation and supply of this information as required. He should be responsible for maintaining an operating record of every driver and recording accidents, convictions, suspensions and proof of financial responsibility. This Supervisor should be responsible for disposing of vehicles confiscated by the Crown and for the administration of the Unsatisfied Judgment Fund. He should also direct a highway safety program.

- (c) The Supervisor, Commercial Vehicles Division, should be responsible for the development of policy in connection with vehicles used for public transportation and for the administration of the Public Commercial Vehicles Act and the Public Vehicles Act. These Acts regulate the operation of vehicles for public transportation and among other things require the licensing of not only the operator but of each vehicle used. They also provide for the payment of fees. This Supervisor should be responsible for the issuing and recording of such licences and the collecting and checking of fees.

(d) The Supervisor, Accounts and Records Division, should assume direct responsibility for the alphabetical files of every vehicle and driver and for the operation of the numerical files of vehicle permits and drivers' licences. These latter files must be kept continually up to date as they are referred to in connection with approximately 3,500 written enquiries and 1,000 telephone calls received each day primarily in connection with law enforcement. He should be responsible for the general files and accounts in the Branch, and for advising the other Supervisors regarding the systems and methods to be used for maintaining the files and records maintained in their Divisions.

We shall be pleased to discuss this report with you at your convenience and to provide additional assistance in developing in more detail the recommendations contained herein.

The following are the appendices attached to the report.

THE CHAIRMAN: Does the Committee think it is necessary to have this read at this time?

MR. GRUMMETT, Q.C.: I think we should have the entire report, Mr. Chairman.

THE WITNESS: The first is Appendix "A":

The people of the State of Michigan

enact:

Bidders on Public Work; Statement as to Qualifications,
- Notice of Rejection

Section 1. Any officer, board, commission, committee or department of the state, county, city, village, or township government authorized to receive bids for the construction, maintenance and/or repair of public works, except public buildings, may require that any person proposing to bid on any such work, submit a sworn statement at least ten days before bids are opened on such standard form in and such detail and at such time as may be deemed necessary by said officer, board, commission, committee or department, setting forth his qualifications to satisfactorily carry out the work to be performed within the time specified for such performance. Said qualifications may be judged by said officer, board, commission, committee or department upon the basis of the proposed bidder's past performance on work of a similar nature, his financial resources and his construction equipment and facilities which he proposes to use on the work advertised for construction as disclosed by such sworn statement and any other available information and a determination made whether or not the proposed bidder is a suitable person to bid on the work. Any person determined not to be a suitable

person to bid on any proposed work shall be notified in writing five days before bids are opened for such determination.

Same; Failure to File Statement; Rejection of Bid

Section 2. Should the prospective bidder fail to file the statement as required by said officer, board, commission, committee or department within the time specified, or should he, in the judgment of said officer, board, commission, committee or department be not qualified to bid on the work duly advertised, such officer, board commission, committee or department may refuse to furnish such person with plans, specifications and proposals and may reject any bid made by him.

Allotment of Work by Public Officers

Section 3. It is further provided that when, in the judgment of such officer, board, commission, committee or department, the volume of work regularly advertised for construction would justify such course, bidders on public work may be rated according to their experience, equipment and resources and be furnished with proposals, plans and specifications for only such type and quantity of work as their qualifications as outlined in section one of this act would warrant.

Questionnaire and Statement; Confidential Treatment

Section 4. Such questionnaire and statement, filed with said officer, board, commission, committee or department, shall be deemed to be confidential and shall not be imparted to any other person, firm or corporation without the consent of the bidder.

Refusal to Furnish Data to Bidder;
Discretion of Public Officers

Section 5. No action or proceeding of any nature or description in any court, except as hereinafter stated, shall lie against any officer of the state, county, municipal or township government because of his refusal to furnish plans, specifications or proposals or to award to any person a contract for the construction of a public work, maintenance or repair thereof for the satisfactory performance of which such person is not, in the opinion of the officer, fully qualified, or who has failed to comply with the provisions of this act.

Review of Decision of Public Officers

Section 6. Any person feeling himself aggrieved at the determination of any such officer, board, commission, committee or department shall have the right of appeal by mandamus, certiorari or other proper remedy to the Supreme Court of the State of

Michigan, or in any proper case to any Circuit Court having jurisdiction.

False Statements, Penalty

Section 7. Any person who wilfully makes, or causes to be made any false, deceptive or fraudulent statement in any questionnaire or statement required to be submitted under this act shall be guilty of a misdemeanor, and, upon conviction, shall be sentenced to pay a fine of not less than one hundred dollars, or more than one thousand dollars, or to imprisonment in the county jail for a period not exceeding six months.

Definition of Person

Section 8. The word "person" as used herein, shall mean and include any individual, corporation, co-partnership, association or their lessees, trustees or receivers.

Severing Clause

Section 9. If any clause, sentence, paragraph or any part of this act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this act but shall be confined to its operation to the clause, sentence,

paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Repeal

Section 10. All acts and parts of acts inconsistent with the provisions of this act, are hereby repealed.

This act is order to take immediate effect.

Approved June 8, 1933.

We now come to Appendix "B", which is as follows:

(page 545 follows)

APPENDIX B

RULES AND REGULATIONS GOVERNING THE
CLASSIFICATION AND RATING OF PROSPECTIVE BIDDERS
THE STATE HIGHWAY DEPARTMENT, MICHIGAN

Division I

Pursuant to the authority granted under the preceding Act, the following rules and regulations have been adopted by the State Highway Commissioner governing the classification and rating of prospective bidders for State Highway Department construction work. In order to provide a fair basis for the classification and rating, three major factors will be considered, i.e., experience, equipment and financial resources.

A. Verification of Statement

The State Highway Commissioner will instruct the Certified Public Accountant of the State Highway Department to verify all financial items of the Experience and Financial Statements and to examine the prospective bidder's records and accounts. It is desirable that financial statements be certified to by a Certified Public Accountant, but, in the event this is impracticable, the Certified Public Accountant of the State Highway Department will verify the statements. The net

assets will be determined from the financial statement when it is verified. All financial statements must be acknowledged before a notary public in the place provided in the Experience and Financial Statements.

B. Method of Computing the Rating

The net assets as determined from the verified financial statement will be used in computing the rating of the prospective bidder by the use of one or more of the three following factors.

- (a) Net liquid assets multiplied by $7\frac{1}{2}$.
- (b) Approved letter of credit multiplied by 5.
Except in no case will the rating determined under (b) exceed the rating determined under (a).
- (c) Net equipment values multiplied by 4.
Except in no case will the rating determined under (c) exceed the rating determined by (a) plus (b).

The sum of the results obtained will then be multiplied by the rating factor determined under Section A of Division II and the result will be the prospective bidder's rating.

C. Numerical Rating

A table used in designating the numerical rating and the corresponding value of the work is to

be found in Section D of Division II.

For bidding purposes each prospective bidder will be given the numerical rating nearest the sum of his financial rating, or available balance as computed under Section E of Division I, and \$2,500.00.

In order to bid on any project advertised by the State Highway Department, the prospective bidder must have the required classification and a net numerical rating equal to or greater than the rating for the project as stated in the advertisement. Ratings in the several classifications are not cumulative or transferable.

D. Work Allowed

The maximum amount of work in dollars allowed at any time shall be the amount of the rating as computed under Section B of Division I.

E. Work on Hand

The value of any work not completed on contracts which the prospective bidder holds with the State Highway Department, as evidenced by the records of the Contract-Estimate Engineer, will be deducted from the prospective bidder's rating in determining his available balance. The incompleted

work will be determined by subtracting from the contract budget or budgets the actual pay quantities of work earned up to the last regular estimate date, or if requested by the prospective bidder, an intermediate estimate will be allowed in order to include all actual pay quantities up to the regular estimate day in the week preceding the date of the formal opening of bids. The value of any work not completed on contracts which the prospective bidder holds outside the jurisdiction of the State Highway Commissioner will also be deducted from the prospective bidder's maximum rating. The statement of such outside work must be submitted at the time proposals are requested.

F. Subcontracts

No work shall be sublet to any contractor who is not prequalified to bid on the type and magnitude of the work to be sublet.

The principal contractor will be charged with the full amount of the contract budget, less any amounts earned, regardless of any portion being sublet. The sub-contractor will be charged with the amount of the subcontract less any amount earned.

G. Joint Bidding

The bid of two parties, which may be a combination of individuals, partnerships and corporations, will be considered as joint bidding. Joint bidding will be permitted unless otherwise specified in the notice of advertisement for bids and in accordance with the regulations set forth therein. In such cases each party will be charged with an equal share of the amount of the contract price.

H. Duplicate Classification of Work

When an individual is a director, an officer of, or has a financial interest in two or more companies, the classifications of the type of work for which these companies may prequalify, will not be duplicated.

I. Time for Qualifying

An Experience and Financial Statement on a form furnished by the State Highway Department must be submitted at least 10 days prior to the formal date for opening bids for a project on which the prospective bidder desires to bid. No statement will be accepted which is dated more than 90 days prior to the date of submission, unless the statement

has been prepared by a Certified Public Accountant.

Revised statements on forms provided must be submitted once each year or as often as may be required by the State Highway Commissioner if he considers the current prequalification rating impaired. A prospective bidder wishing to increase his rating shall file a revised Experience and Financial Statement under the same conditions as though he were filing for the first time.

J. Bidding Procedure

Prequalified bidders will be issued plans and proposals on any or all projects advertised, providing they have the proper classification and required numerical rating, up to the close of business on the day preceding the formal opening of bids. A three dollar charge will be made for plans or proposals furnished for each project. One set of plans and a courtesy copy of the proposal on each project will be furnished the Michigan Road Builders' Association, Olds Tower Building, Lansing, Michigan, and can be reviewed at that address by all prospective bidders.

In the event a bidder is low on two or more projects, the total of which exceeds his financial rating or available balance, the State

Highway Commissioner will select the project or projects for award to such bidder which will give the best financial advantage to the State Highway Department.

The Contract will not be awarded to a bidder who does not present proper evidence that he owns or will procure the major equipment items shown in table for the classification required and will perform the work with his own organization.

K. Exceptions

Unless the State Highway Commissioner is notified in writing to the contrary within 15 days after the prospective bidder has been advised of the rating granted, it will be assumed that the rating is satisfactory and no change will be made until a new statement is filed.

A prospective bidder submitting any falsified statement will not be eligible for rating or award.

The State Highway Commissioner may declare any bidder ineligible at any time prior to receiving bids or the actual awarding of a contract, when there have been developments subsequent to qualification and classification which, in his opinion, would affect the responsibility of the bidder or his ability

to perform additional work. Before taking such action, the State Highway Commissioner will notify the bidder and give him the opportunity to present additional information.

DIVISION II

Major Rating Factors

A. Experience

Each new prospective bidder will first be given a tentative rating factor of 100 percent. on his allowed classifications, unless in the opinion of the State Highway Commissioner, certain classifications requested warrant a lower tentative rating factor because of lack of construction experience, organization and personnel or equipment, determined in accordance with the table given below and deductions outlined under B-Equipment. The maximum rating that will be granted prospective bidders for the type of work they have not previously engaged in will be as follows: Concrete and Brick Paving - 10B; Bituminous Paving - 8Cc; Gravel and Crushed Rock Construction - 5 D; Grading and Draining Structures - 5E; Bridges and Grade Separations - 5 Fa: providing they give assurance that they will secure their own major equipment and organization for such classifications.

Failure to secure their own equipment and personnel to properly complete such a project after award will automatically cancel such classification until evidence is presented that the regulations will be complied with. The tentative rating factor will be subject to change, in accordance with the rules and regulations described in Division I, and on completion of contracts with this Department as determined by the State Highway Commissioner from a summary of reports from field engineers and further Departmental investigations relating to the following items:

<u>Items determining rating factor</u>	<u>Maximum Deduction</u>
(a) Construction experience of prospective bidder	50 percent.
(b) Quality of work produced on previous contracts	50 percent.
(c) Violation of the Department regulations	50 percent.
(d) Attitude toward the Public	20 percent.
(e) Record as to unpaid accounts and claims	40 percent.
(f) Organization and personnel	50 percent.
(g) Condition of equipment	40 percent.
(h) Violations of subcontract regulations	100 percent.

B. Equipment

For each classification under which a prospective bidder requests prequalification, certain major items of equipment shown on the table, Schedule I, are necessary, and the ownership or lack of ownership of each affects his financial rating. The list of equipment submitted by the prospective bidder will be checked by the Department and a valuation determined.

- (a) If a prospective bidder owns a new construction unit or a rebuilt unit, which has the manufacturer's guarantee, the purchase price will be allowed in computing his equipment value and be credited as a fixed asset. For each year after the purchase of the unit, the annual depreciation charge will be deducted from the purchase price in computing its value until the theoretical retirement age has been reached.
- (b) Deductions based upon purchase price of such new equipment will be made from the net liquid assets for any necessary equipment not owned by the prospective bidder.
- (c) In case the unit has been owned longer than its theoretical life, but is still serviceable for the work required, the prospective bidder will

not be allowed credit for it in equipment value nor will it be considered as a liability. If the unit is not serviceable, proper deduction will be made under item (g) of Rating Factor.

C. Finances

(a) Assets

1. Liquid

Liquid assets are cash on hand or in banks, listed stocks and bonds at market value, approved accounts receivable due within sixty days, approved ninety-day notes receivable, sums earned on incomplected contracts, deposits for bids, and the cash surrender value of insurance policies (with loans deducted) carried on individuals of a partnership or corporation and made payable to the partnership or corporation, which shall be verified by a statement from the insurance company or local insurance agent.

Notes and accounts receivable from officials or partners of a corporation or partnership will not be allowed as liquid assets. In addition, the State Highway Commissioner

may allow as liquid assets such amounts paid and accrued for materials on hand at cost which will enter into work under contract with or contemplated by the Commissioner, and such other assets as are readily convertible into working capital.

2. Letters of Credit

Letters of credit from a bank extending a line of credit to a prospective bidder must show in detail the collateral required by its Board in giving such line of credit. (Assets classified by the State Highway Commissioner as Liquid assets may not be pledged to the bank's line of credit).

The letter of credit must be accompanied by a certified copy of the bank directors' or loan committee's resolution authorizing such line of credit. It must be signed by the President or Vice President, Cashier or Secretary, or any duly authorized officer of the Bank.

Approved letters of credit from Banks outside the state of Michigan must be accompanied by the most recent financial statement of the bank issuing the letter of credit.

Letters of credit from individuals will not be accepted unless the individual is a member of the partnership or a stockholder in the corporation of the prospective bidder. In this case the letter of credit shall be from a bank, based on the security of acceptable assets of the individual, provided such letter of credit is assigned for the use of the partnership or corporation for a period of at least six months or the duration of the prequalification period.

3. Equipment Value

The value of major items of equipment as determined by subsection (a) of Section B. of Division II, will be allowed as an asset. All amounts owing on such equipment will be deducted to determine the net equipment value.

(b) Liabilities

The following items will be considered as current liabilities:

Regular notes payable to banks

Regular notes payable to banks for certified checks

All other accrued salaries, pay rolls, taxes, etc.

Other notes and accounts payable.

(c) Net liquid assets

Net liquid assets are determined by deducting
current liabilities (b) from liquid assets

(a) 1.

D. Rating Table

The following table, to which reference was
made in Section C of Division I, will be used in
designating the numerical rating and value of work each
bidder is eligible to bid:

<u>Rating Table</u>			
<u>Numerical rating</u>	<u>Value of work</u>	<u>Numerical rating</u>	<u>Value of work</u>
$\frac{1}{2}$	5,000	9	90,000
1	10,000	$9\frac{1}{2}$	95,000
$1\frac{1}{2}$	15,000	10	100,000
2	20,000	15	150,000
$2\frac{1}{2}$	25,000	20	200,000
3	30,000	25	250,000
$3\frac{1}{2}$	35,000	30	300,000
4	40,000	35	350,000
$4\frac{1}{2}$	45,000	40	400,000
5	50,000	45	450,000
$5\frac{1}{2}$	55,000	50	500,000
6	60,000	60	600,000
$6\frac{1}{2}$	65,000	70	700,000
7	70,000	80	800,000
$7\frac{1}{2}$	75,000	90	900,000
8	80,000	100	1,000,000

For ratings above \$1,000,000.00 use same system of
numerical rating.

Division III

Classifications

Prospective bidders will be classified for the various types of work on the basis of their experience at the time of filing their Experience Questionnaire and Financial Statement.

The State Highway Commissioner may grant additional classifications based on evidence submitted by the prospective bidder in writing that he is properly equipped and has had sufficient experience to warrant such additional classification.

B. Concrete and Brick Paving

The construction of Portland cement concrete base and surface courses and vitrified brick surface course including grading, drainage structures, and other construction incidental thereto.

C. Bituminous Paving

- Ca - Class A - Non-Skid Surface Treatment.
- Cb - Class C-1 - Bituminous Aggregate Surface Course - Dense Graded - Road or Plant Mix.
- Class C-2 - Bituminous Retread Surface Course.
- Cbb- Class F-1 - Bituminous Aggregate Surface Course - Dense Graded - Hot Plant Mix.
- Cc - Class B-2 - Oil Aggregate Surface Course - Plant Mix.

Cc - Class F-2 - Bituminous Aggregate Surface
Course - Batch Plant Mix.

Class I - Bituminous Concrete.

Class J - Sheet asphalt.

D. Gravel and Crushed Rock Construction

The construction of all non-bituminous gravel and crushed rock base and surface courses including grading, drainage structures, and other construction incidental thereto.

D. Producing Gravel

E. Grading and Drainage Structures

The construction of the roadbed including drainage structures and other construction incidental thereto.

F. Bridges (including Railroad Grade Separation Structures)

(a) Bridges and Grade Separations

The construction of masonry, fabricated steel or timber bridges, large culverts and grade separations, the approaches thereto, and other incidental construction.

Note: The construction of grade separations to be limited to work not covered by classifications Fb and Fc as shown below. Grade

Separations involving run-around tracks may be bid by Contractors with Fa classification if requirements as stipulated in the advertisement for the particular project are met.

(b) Railroad Construction

The construction of temporary trestles to carry railroad traffic, and grade separations involving work under railroad tracks in operation.

Note: This classification will be given for individual railroads after the Contractor has furnished the Department with the written approval of the railroad.

(c) Railroad Track Construction

The construction of tracks to carry railroad traffic, the installation of switches, grading, and other incidental construction.

Note: This classification will be given for individual railroads after the Contractor has furnished the Department with the written approval of the railroad.

(d) Fabrication and Erection Structural Steel

The furnishing, fabricating and erecting of structural steel on bridges and grade separations and incidental work.

G. Building Moving, Wrecking and Well Drilling

Building moving, building wrecking, well drilling, and other construction incidental thereto.

H. Landscaping

(a) Contracts involving planting of roadsides and parks.

(b) Contracts involving ornamentation of roadsides and parks and other work incidental thereto.

Classification Ha will be given only to contractors who are licensed to handle planting material by the State Department of Agriculture.

I. Special Structures

Erecting Structures suitable for use, either in whole or in part, by the Department for maintenance garages, offices, tourist ,lodges, scale houses, etc.

J. Sodding and Guard Rail

Placing of sod, erection of guard posts and guard rail, and other construction incidental thereto.

K. Hauling and Placing

Contracts involving the hauling, delivery and placing of construction and maintenance materials.

L. Small Structures

The construction of small culverts, curb,

curb and gutters, side walks, sewers, tiling, catch basins, manholes, and other construction incidental thereto.

X. Special Contracts

This shall include blasting, electrical construction, marine work, deep sewer and tunnels, water mains, demolition, or other construction not specifically listed above.

THE CHAIRMAN: Thank you very much, Mr. Gordon. You have given a very comprehensive report. The Schedules are something which I think you have given us a fair idea of in your earlier statement.

We might adjourn for five minutes, and then, if Mr. Gordon wants to refresh our memories of the earlier notes on these particular qualification requirements, that may be done in a general way.

Then Mr. Millar might at least start his talk with his maps, and that would clear the way for our sitting tomorrow morning.

MR. GRUMMETT, Q.C.: Was there not a question of Mr. Gordon going over the summary of particular recommendations?

THE CHAIRMAN: We might adjourn for five minutes, and then we can come to a decision on that.

/

---Whereupon a short recess was had.

---Upon resuming.

THE CHAIRMAN: Gentlemen, shall we resume?

Mr. Gordon, will you go ahead with your summary?

THE WITNESS: I will read the summary of the particular recommendations, which appear at the front of the report.

There has been a very great expansion in the operations of the Department of Highways since the end of the war. Motor vehicle registrations in Ontario have more than doubled and the expenditures of the Department have increased by more than three times -- from \$46,000,000 in the fiscal year ended March 1947, to \$150,000,000 in the fiscal year ended March 1953. This expansion has taken place at a time when it was extremely difficult to obtain and retain a sufficient number of qualified engineers in competition with industry. The engineering staff of the Department is presently under strength by perhaps 20% to 25%.

BY THE CHAIRMAN:

Q From your knowledge of industry generally at the moment, is there any change at the present time which would assist the Department in getting personnel, from what it was in the peak years?

A I would not be too sure of that. I do not think I would like to express an opinion, because I do not know enough about what engineers are graduating

at the present time.

Q Do you think, while this Committee is carrying on, you could give us some information?

A Certainly. I will make some enquiries.

Q As to the views of the Department regarding the availability of staff?

A Yes.

There are 228 professional engineers on the staff (of whom 183 are University graduates); less than one-half of these have been with the Department for more than five years.

BY MR. BECKETT, Q.C.:

Q Is that the total number? When you say, "Less than one-half", you mean of the 228?

A Two hundred and twenty-eight, yes. I think I am right in saying that it is approximately one-third of the 183 University graduates.

BY MR. WREN:

Q Of this 228, would you count those to whom Mr. Millar referred this morning as those who have picked up the work with the Department?

A I am not too sure about that.

Q You say "professional" in one part of it, and then you say "183 are University graduates". What do you mean by that?

A As I understand that, perhaps the professional

engineers may have to have so many years experience in the field, and I think they pass some examination, set up by the Professional Engineers Society.

THE CHAIRMAN: Perhaps Colonel Muir could answer that.

COLONEL MUIR: A graduate from a recognized University in engineering, or its equivalent, plus the experience.

MR. WREN: He must have a 5-year course?

THE CHAIRMAN: One of the members asked if there can be a correspondence course? I do not think there is anything provided about that.

COLONEL MUIR: A university graduation or its accepted equivalent. That would not be a correspondence course.

MR. MAPLEDORAM: What would it be?

COLONEL MUIR: It may be from a university in a foreign country, or perhaps an examination by ourselves.

BY MR. GRUMMETT, Q.C.:

Q This examination could be based on the man's knowledge as a practical man, in the field?

A It represents a university course. It is basically theoretical, but it is practical also.

MR. COLLINGS: A great deal has been made of the pre-engineering here, I would like to get some

information from the Engineers Society to the effect that in 1950, there was a shortage of engineers, and the Department just simply could not get them.

THE CHAIRMAN: Colonel Muir, would you be in a position to later on give us any information from your files as to the availability of engineers, say, for the period 1948 to 1953?

COLONEL MUIR: Yes, sir. I am sure I can help you on that.

THE CHAIRMAN: Thank you, very much.

MR. WREN: Are there any engineers in the Department now applying for professional status?

COLONEL MUIR: I am not quite clear on that. There is a steady stream of those working in the Department who do apply. They have to have one year's experience after graduation. That maybe where that "183" came in. It requires one year after graduation.

BY MR. BECKETT, Q.C.:

Q Mr. Gordon, of this 183, how many became engineers, as far as you know?

A The 183 was included in the figure of 228.

BY MR. MAPLEDORAM:

Q In other words, they could all become professional engineers?

A Yes, they could all become professional engineers.

Many of the conditions which the recommendations contained in this report are designed to improve, were caused in whole or in part by the rapid expansion since the war and by the shortage of qualified staff.

Administrative Policies and Practices

- (1) A flexible long-term plan should be prepared for the development of the highway system throughout the Province. All the factors which will affect present and future traffic volumes should be taken into account in the preparation of this plan.
- (2) A program of new construction projects should be prepared within the framework of the proposed long-term plan. Priorities should be decided upon and estimates of costs made well in advance of the time when construction is expected to start. The services of consulting engineering firms should be used in the preparation of detailed plans and estimates for particular projects until the Department's own staff has been increased and strengthened.

BY MR. WREN:

Q Are there a sufficient number of those available?

A As I understand there are firms available who could move in now to assist the Department.

- (3) Contractors who wish to work for the Department should be called upon to meet certain specified requirements respecting their experience, financial resources, and equipment. Similar procedures, known as pre-qualification, have been in operation in certain states of the United States of America for over twenty years and are now in use in some thirty-nine of the forty-eight states.
- (4) Tenders should not be called until preliminary engineering and estimates have been completed and properties purchased. Tenders should be opened in public and details of the low bids made available to all bidders. Tender deposits should be reduced to approximately 5% of the amount of each tender.
- (5) Contractors should be required to adhere strictly to the terms of their contracts including the completion dates. They should be required to agree with the estimates of quantities moved at the time payments are made to them.
- (6) In future, the amounts of any adjustments with contractors which the Department may find it necessary to recommend should be reviewed by the recently announced Committee on Construction and Planning before submission to the Provincial Treasurer for payment.

BY MR. GRUMMETT, Q.C.:

Q Mr. Gordon, in connection with that recommendation; I am not just clear about the functions of that Committee. Was that Committee set up on your recommendation, or was it part of the departmental policy prior to you writing this report?

A It was set up after consultation with us, before the report was completed.

Q That is, was the idea of setting up this Committee, an idea brought forward by your firm, or brought forward by the Department?

A I do not think it was either, Mr. Grummett. I think it was an idea brought forward, as far as I am concerned, by the hon. Prime Minister, who was the person who discussed it with us. I think that would be natural --

BY THE CHAIRMAN:

Q The Government asked your views of the plan?

A They asked our views. I think the thinking behind it was that it not only deals with the Department of Highways, but something may come up in some other department, such as Public Works, or Planning and Development.

BY MR. GRUMMETT, Q.C.:

Q If it had not been suggested to you by some

member of the Government, you would not have incorporated it in your report?

A I think that is correct, because our report at that point would have been limited to the Department of Highways.

We might not have come up with that suggestion, but we were seriously considering an alternative, that a committee of somebody should be available to assist the departmental officials in reaching decisions.

Q I am rather in agreement with what Mr. Wren was trying to "get across", that is, that this committee seems to take away from the Minister of the Department part of the authority which should remain with the Minister. And, on top of that, the Deputy is put on this committee.

MR. WREN: Do you not think that the hon. Prime Minister, by his recommendation, has divested the Minister of certain powers?

MR. GRUMMETT, Q.C.: That is my opinion.

THE WITNESS: If you will note the words:

"In future, the amounts of any adjustments with contractors which the Department may find it necessary to recommend should be reviewed by the recently announced Committee on Construction and Planning before submission to the Provincial Treasurer for payment."

There is no thought that it does not go through the complete channels of procedure.

BY MR. WREN:

Q The settlement of contracts, to my mind, is just as important as the letting of them. Why should there be one procedure in the letting, and another procedure in the settling?

A I think it should be that in connection with any normal contracts, this procedure does not come into operation at all. It is when there is a feeling on the part of the Chief Engineer that there should be a departure from the normal, that he will make a recommendation to the Deputy Minister that there should be a departure from the normal.

And it is our thinking that where they are departing from the terms of the contract, and making payments over and above that called for in the contracts, it would be wise to have some review and advice.

BY MR. GRUMMETT, Q.C.:

Q In the past, was it not the practice for questions of this kind to come before the Deputy Minister, who, after discussing it fully with those who were conversant with the whole situation, would discuss it with his Minister?

A That is right.

Q I just cannot see the sense of by-passing the Minister. You have a Minister in charge of the Department, and you are by-passing him.

A Nobody has suggested at any time that the Minister should be by-passed in any way. The suggestion we were thinking over, at one phase of the game, was that the Chief Engineer might have an advisory committee to advise him.

Q That would be quite all right.

A This is not exactly in the same sense.

Q No, this committee is on a higher level, altogether. This is on the Deputy Ministers' level.

A We were thinking of an outside committee, somebody who could bring in outside opinions on matters on which the Departmental officials may want advice.

Q In other words, you want to bring into the Department of Highways men who may be associated with the Department of Public Works, and other Departments?

A The reason I would suggest that these people were selected was because they are, or will be, the four senior engineers in the employ of the Provincial Government, and as such are presumed to be the best people to advise on such matters.

BY MR. WREN:

Q Who will be the final authority? That is

what bothers me.

Supposing Mr. Beckett gets up in the House and asks the hon. Minister of Highways to explain the payment of some particular item during consideration of the Estimates; is it not giving the Minister an opportunity to say, "I did not make that; it was the Civil Service men who decided."?

MR. COLLINGS: Anything relating to the Department is the responsibility of the Minister.

MR. GRUMMETT, Q.C.: They are taking it from him.

MR. BECKETT, Q.C.: It is a recommendation, in the first place, Mr. Gordon. It is only a suggestion, and can be reviewed.

A It is not taking anything away from the Department.

MR. GRUMMETT, Q.C.: It is taking it from the Minister.

MR. BECKETT, Q.C.: No, he makes the recommendation.

MR. COLLINGS: It comes up from the Division Engineer, to the Chief Engineer, and then to the Deputy, who, if he approves it, sign it. Mr. Millar said he had the final say in signing.

THE WITNESS: Everything has to be signed, and dealt with in the Department, before it goes to the

Treasury.

BY MR. JANES:

Q The Deputy Minister will continue to sign,
under this suggested condition?

A In my view, the Deputy will recommend what
should be done.

MR. COLLINGS: Anyway, the committee is now
Government policy.

THE WITNESS: As I understand it.

MR. COLLINGS: Then that ends that.

THE WITNESS: To continue, Mr. Chairman:

- (7) Procedures should be developed for fixing the maximum subsidy which will be paid to any municipality in any year towards the construction and maintenance of roads. This should take into account the population, property assessment, miles of road presently in use, extent and nature of geographical area, the percentage of its own budget which the municipality has earmarked for road work, et
- (8) In order to reduce the time spent in negotiating for properties, the Department should adopt the practice of offering a fair price in the first instance. If such offer is not accepted, expropriation proceedings should be started immediately.

BY MR. WREN:

Q How would you determine a "fair price"?

What is "fair"?

A I would suggest the Department should make an appraisal of the property.

BY MR. MAPLEDORAM:

Q On current advice, in that area?

A Yes.

BY THE CHAIRMAN:

Q Is the suggestion that the Department has started off by making too low an offer?

A I think there has been a tendency to bid low, on the assumption that the seller would want a high price. Then, they bargain and negotiate, and finally compromise, and we feel that takes a great deal of time.

BY MR. JANES:

Q It has not been handled that way in my district. I think that there, there was some basic rate offered, and if the land was valued above that, they pay more for it. That is the way it has always been done, in my riding.

MR. BECKETT, Q.C.: There have always been negotiations in the first instance.

THE WITNESS: We think the Department can save a great deal of time by setting a fair price, and

making a fair offer, and then saying, "Either you take it, or you do not." If they do not accept it, then the Department should expropriate immediately.

BY THE CHAIRMAN:

Q That is your view? It may not be the view of the committee.

A That has been found to be beneficial in other jurisdictions.

BY MR. WREN:

Q Why could not the owner make an offer to sell?

A That might be another way of doing it. I think you would get it done more quickly and more effectively, if you did it the way we suggest.

- (9) Responsibility for the collection of gasoline taxes should be transferred from the Department of Highways to the Treasury Department.
- (10) A detailed study should be undertaken without delay of the whole personnel establishment of the Department and of the salary and wage scales presently in force.
- (11) An adequate personnel organization should be set up and appropriate recruiting and training procedures developed.
- (12) The number of casual employees on the Department's staff should be reduced considerably and the

number of permanent civil servants increased proportionately.

- (13) Departmental employees should be subject to instant dismissal if they accept gifts or other favours from contractors or others doing business with the Government. Similarly contractors offering presents or other favours to departmental employees should automatically become ineligible to do further work for the Department.

Form of Organization Proposed

- (14) The Deputy Minister should be responsible for all of the operations of the Department. The Chief Engineer and the heads of all Branches should be responsible directly to the Deputy Minister.
(It is suggested that an exception be made in the case of the Registrar of Motor Vehicles who for the time being should continue to report to the Minister.)
- (15) The Department's two field organizations should be merged and strengthened. The work being done with the counties, townships and other municipalities should be integrated with the work on the construction and maintenance of highways. One senior engineer should be placed in charge of all the work done in each District with the title of District Engineer.

(16) There should be five senior officials at Head

Office reporting to the Deputy Minister, viz:

- (a) A Chief Engineer who should be responsible for the construction and maintenance of highways and for those activities provided for under the Highway Improvement Act in connection with counties, townships and other municipalities.
- (b) A Director of Planning who should be responsible for preparing and keeping up to date a long-term plan for the development of the highway system in the Province and for recommending the priorities which should be allotted to particular projects.
- (c) A Personnel Manager who should be responsible for developing policies respecting the recruitment and training of personnel and the administration of salaries, wages, etc.
- (d) A Services Manager who should be responsible for a number of service functions including the purchase of materials and supplies, acquisition and administration of properties and for the stores and equipment.
- (e) A Financial Controller who should be responsible for all accounting procedures and the development of control information.

- (17) The Chief Engineer should have four senior assistants at Head Office and several Inspecting Engineers, viz:
- (a) A Construction Engineer who should be responsible for directing and controlling the approved highway construction program throughout the Province.
 - (b) A Bridge Engineer who should be responsible for bridge design and the control of the approved bridge construction program throughout the Province.
 - (c) A Maintenance Engineer who should be responsible for directing and controlling the approved maintenance program throughout the Province.
 - (d) A Municipal Engineer who should be responsible for directing and controlling the work performed under the Highway Improvement Act with the counties, townships and other municipalities throughout the Province.
- (This official would be responsible for the work presently being done by the Chief Municipal Engineer but would not exercise direct line authority over the District organizations.)

(e) Three or four Inspecting Engineers who should provide continuous liaison between the eighteen District Engineers and the Chief Engineer and his four staff advisers.

BY MR. WREN:

Q Have you any estimate of the cost of these proposed reorganizations?

A No, we have not.

Q You have not gone into that at all?

A No.

BY THE CHAIRMAN:

Q I think possibly, when you are going to get together some further figures of the number of people involved, you might get us some idea of the estimate of the cost.

A We could come up with a rough estimate.

THE CHAIRMAN: I think it would be very helpful.

BY MR. GRUMMETT, Q.C.:

Q In regard to the payment for casual employees: I think you referred to page 36, in the last paragraph, where you say:

"The Department has greater freedom in regard to salaries for casual employees who are paid out of the Highway Reserve Account as provided under Part X, paragraph 107, of the Highway Improvement Act."

Do you approve of that method of operating? That appears to me to be simply setting up a fund where you can circumvent the provisions, or purpose, of the civil service organization, and pay higher wages than would otherwise be possible.

A My own view would be that the Department of Highways must have freedom to employ casual staff without complying strictly with the regulations applicable to all civil servants.

I think with regard to temporary and seasonal staff -- particularly in their present situations, where they are understaffed -- there must be that freedom to take on more people if they need them, even though they have to pay the going rate of pay, which might be higher than the civil service rates of pay.

THE CHAIRMAN: If it takes eight months to get any increase approved through the Civil Service Commission, I think some action should be taken.

MR. GRUMMETT, Q.C.: It seems this provides an opportunity for casual employees to do Sunday work, for instance, by setting up a special fund from which these payments are made.

THE WITNESS: All I am doing is saying that is what the Act presently calls for.

BY MR. GRUMMETT, Q.C.:

Q I wanted to get your opinion on whether you agreed with that type of financing?

A I think the Department of Highways must be given freedom to take on casual people without going through the routine necessary to take on permanent civil servants.

THE CHAIRMAN: Thank you, very much.
Mr. Gordon. You have given us a very able presentation of this report. It will be thoroughly studied and tested, and we may have a number of recommendations to suggest.

MR. WREN: Mr. Gordon will be available, as time goes on?

THE CHAIRMAN: Yes. He will be available as time goes on.

---- The Witness retired.

THE CHAIRMAN: Now, I will ask Mr. Millar if he will make sort of a preliminary statement, now, and then we will be ready to proceed in the morning.

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J O H N D A V I D M I L L A R,

a witness previously heard, and now recalled, and who, having been already sworn, continues his testimony as follows:

BY THE CHAIRMAN:

Q Will you proceed, Mr. Millar?

A With your permission, I would like to distribute to the Committee, and to the Press, duplicates of these large charts which have been mounted on the wall. If you will bear with me for a moment, the members of my staff will distribute these to you.

THE CHAIRMAN: I think they should be marked as exhibits.

EXHIBIT NO. 12: Brief,
Department of Highways, as
produced by the witness,
Millar.

EXHIBIT NO. 12(a): Charts and
documents presented in connec-
tion with Exhibit No. 12,
by the witness, Millar.

BY THE CHAIRMAN:

Q Now, Mr. Millar, will you proceed?

MR. COLLINGS: Mr. Chairman, before Mr. Millar speaks, I am interested in the report, under the heading, "Planning and Preliminary Work", on page 7.

MR. GRUMMETT, Q.C.: That is the Woods & Gordon report?

MR. COLLINGS: Yes. It says:

"We believe that many of the difficulties under which the Department has been operating stem from a lack of adequate and systematic planning and insufficient preliminary work prior to calling for tenders. This includes both the lack of an over-all plan for the development of highways throughout the Province, and insufficient detailed planning and engineering of particular projects before work is started.

"In the days when construction work was limited to a few new highways and the resurfacing or rebuilding of existing highways, planning was not of such importance, and the Head Office Engineers could make frequent visits to supervise the larger projects. With the vast expansion in highway construction since the end of the war, this procedure is no longer practicable or possible. Projects, which would have been considered of major importance a few years ago, have now become routine, and the planning required for such projects has been inadequate. Attempts have been made in the last year to correct this situation, but there is still need for considerable further improvement.

"During the war when new construction was

"restricted the engineers in the Department attempted to draw up a long-term plan for highway development throughout the Province. This plan was dropped partly because it did not have the full support of all the senior officials in the Department and partly because it did not meet adequately the changed conditions which developed in the post-war period."

I wonder if Mr. Millar could explain that to-morrow?

THE WITNESS: Frankly, I cannot explain that statement. We have had a plan. We have it still, It is still being worked on. The same officials who prepared the plan are still officials of the Highways Department. I have a copy of the original plans which were made in 1943.

(Page 587 follows)

I have also an old map for my personal use, which I have had for ten years or more, which you will see when I produce it, has had considerable service. It is a map around Metropolitan Toronto, and I think 90 percent. of the work planned in 1943 has now been carried out.

These (indicating) are the plans to which I refer, and if I may be permitted, I would like to submit them as an exhibit.

You will note it covers in detail the southern part of the province and a similar one for the northern part. It also covers in detail all Divisions and the plans for each Division, and the various counties are set out in colour, showing the year in which it was anticipated the work would be carried out, remembering that ~~when~~ each one of these years are plans to be carried out after the war. This was in 1943, gentlemen, when the war was at its crucial point. It was some years before we could start anything going. Things did not work out as we had figured, because, instead of providing work, as this plan intended, for the unemployed anticipated to be with us after the war, plus the men returning from overseas, it developed into a mad race in other industries for men.

Nevertheless, I can state that the greater

majority of the work undertaken -- and there have been minor adjustments and changes to meet conditions -- has been carried out.

I will table that report, if I may, as an exhibit.

EXHIBIT NO. 13: Map of Divisions
Nos. 1 to 10, and Plans in
connection therewith, as pro-
duced by the witness, Millar.

BY MR. WREN:

Q Would you say that these observations are not correct (indicating)?

A I can draw no other conclusion.

The Chief Engineer at that time retired three years ago, and the next Chief Engineer, who at that time was Construction Engineer, also retired. The Chief Surveyor, the Chief Construction Engineer, the Chief Maintenance Engineer, myself, and two or three others who had a part in it, are all still members of the Highways Department, and that (indicating) is their plan. I know of no disagreement amongst the staff which had the plans prepared, and here (indicating) is the accomplishment of what has been done in these ten years.

BY THE CHAIRMAN:

Q It was actually a time period?

A It was a plan for one, two or three years after the war. You will recall the war ended in September, 1945. We could do very little in 1945, but we got rolling after that, and it has proceeded right up to the present time.

There (indicating) is the counterpart of the plan as of 1953, shown in green on the map. The part which has been carried out and shown in red, is right here (indicating). It shows the southern part of the province, and there is a similar one for northern Ontario. These maps may be turned back at any time, if you wish to refer to them, and they are all in this folder (indicating). There (indicating) is similar work for northern Ontario.

As you will note, certain parts of certain highways have been brought to completion. I would like to point particularly to what has been accomplished in, and from the Ottawa Valley, through North Bay, and Sudbury, and on to Sault Ste. Marie. I will take that up later, because part of it is Trans-Canada Highway.

BY THE CHAIRMAN:

Q Will you indicate the Trans-Canada?

A It comes up here (indicating), crosses at Waubaushene, extends over to Parry Sound, and continues

on to Burwash and Sudbury, and continues on from Sudbury to Thessalon, and from Thessalon, to Chapleau, and from Chapleau, crosses to Michipicoten, and through to Fort William and Port Arthur, continues on through Kenora to the Manitoba boundary. The Red Lake road is one example. The Atikokan road is shown as being under construction.

BY MR. WREN:

Q When did the planning for that road start?

A About four years ago. It was in the fall of 1951, if my memory serves me rightly, when the first contracts were let.

I have here (indicating), gentlemen, a map which would not be seen in any draughtsman's office, but I present it to illustrate to those familiar with the immediate area around Toronto. This was a plan formulated in 1943. It is a little difficult to illustrate it here, and I cannot duplicate the plan. But, by individual examination by the members, will be shown the Barrie Highway right in its present location, up the fifth concessions of the Townships of York, King and Vaughan, and on up through Gwillimbury and Vesper Townships in the County of Simcoe.

That road has been completed. There has been

a change in the plans beyond Barrie for the reason that the plans originally contemplated a double highway to Gravenhurst, and split there, one going to North Bay and one to Sudbury.

We modified that to this degree; a promise had been made for many years for a road from Toronto to Sudbury, and we looked at it in the light that if you had to go to Gravenhurst and double back to Parry Sound, it would require extra work, and we thought it was better to strike straight down the shore of Georgian Bay, so the plan was changed to split the road into two sections, which would cut off about twenty miles, and not have to go east to Gravenhurst, and then back again, on the way to Sudbury. I believe we can shorten the route by close to sixty-five miles, by the use of the new road.

We also considered, and made very careful studies --

BY THE CHAIRMAN:

Q That road is open now?

A No, only to the French River. You can drive to the French River, and then on to Sudbury by way of Hager and Noelville.

We have a contract between MacTier and Waubauskene, which will eventually hook up with the

Barrie Highway.

We had traffic studies, which indicated where the people wanted to go. Later on, you will see these traffic studies, which include the building of Highway 401, east to Newcastle, and eventually will go on to Cobourg and Port Hope.

The road to Peterborough is now nearing completion, using highway No. 35, for the time being, and the cut-off still to be built into Peterborough.

It shows the Toronto By-pass, a project which is approximately twenty miles long, and I am quite frank to say will cost over \$1 million per mile, including all the structures which will have to go into it. It goes on to Kitchener. I have been asked a number of times why we go to Kitchener on the way to Windsor. The answer is very simple; because Kitchener lies south of Toronto, strange as it may seem, and you can drive in an almost straight line to London and Woodstock, and on to Windsor. Land is now being purchased for that line.

It shows a project on the Queen Elizabeth Way, on what is called "Wolfe Island" at Hamilton, and then on to Brantford, joining the Windsor highway.

It shows a diversion parallel to the Markham road, to pick up highway No. 12, and straighten out

the jog in highway No. 12, and straight through to Washago.

I would estimate that 80 percent. is nearly completed or completed.

I would like to file that as an exhibit. If possible, I would like to have it back when the Committee has finished with it. There is a certain amount of sentiment attached to the plan, in the fact that it has served long and well.

EXHIBIT NO. 14: Map of Divisions
11 to 21, and plans thereon,
as produced by the witness
Millar.

EXHIBIT NO. 15: Office plan,
(personal) as produced by
the witness Millar, with
request to return.

THE WITNESS: It is fitting you meet today, gentlemen, in 1954. I have in my hand the report of the Public Roads and Highway Commission of Ontario for 1914 -- 40 years ago. I have found it most interesting reading. The clarity and keen insight of the Commissioners of 1913 and 1914 is very interesting, and showed itself in the recommendations they made to the Legislature of that time. The Highway Improvement Act, the Highway Traffic Act, and the Public Commercial Vehicles Act, are framed, in general principles, on the recommendations of the

Commissioners in 1914. They did their job thoroughly and they did it well. They foresaw something which most people at that time ridiculed, and that was the coming of the motor vehicle, and they stated that trucks would be hauling goods, at a time when trucks were unknown and when automobiles were the rich men's toys, and everybody cried out, "Get a horse", when a car came down the road. However, in the face of all that criticism, the Commissioners did an excellent job.

This (indicating) is a copy of their report, left to me by a very dear friend, now dead. It is one of the very few remaining, I believe. Ten thousand copies were published at the time the report was presented to the Legislature. At the present time, I can only locate three. There may be others around the province, and if there are, they are certainly worth keeping. I hope there is one in the Archives, to be preserved for posterity. I would like to file this with the Committee as an exhibit, and, in connection with this also, I would ask that it be returned.

EXHIBIT NO. 16: Report, Highway Commissioners to Legislature, 1913-1914, as produced by the witness Millar, with request for return.

THE WITNESS: Due to the recommendations of the 1914 Commission, there has grown up today, a highway system which consists of approximately 80,000 miles. That you will see in the small folder, which lists the various types of highways.

The first is 7,870 miles of King's Highways. These are owned and operated by the province of Ontario, through the Highways Department. The Highways Department, by legislation, is completely responsible for anything that goes on, on these roads, including the responsibility for accidents, if there is negligence on the part of the Department.

The Department, in northern Ontario, and central northern Ontario, also maintains some 2,709 miles of secondary roads, or development roads, I hate to use the word "development", although that is the official terminology, although most of the northern residents designate them as "secondary roads", but in the Public Accounts, they are called "King's Highways", and "Development roads". They are looked after by the Highways Department, for the reason that if we did not, nobody else would. The settlements are very sparse, in many cases, and there are large townships, which are unorganized, and in many townships they are not even numbered, and there is nobody to look

after these roads, if the Department of Highways did not do it.

There is no legal responsibility on the part of the Department for the upkeep of these roads. A road can only be made the responsibility of the Department by an Order-in-Council, making it a King's Highway.

I have been asked who is responsible for accidents on the secondary roads. I cannot answer that, because some of the best legal minds in the province have not settled their status as yet.

There are 9,400 miles of county roads, which are looked after by the county organizations. The province pays 50 percent. of their cost, and 80 percent. of the cost of bridges.

There are approximately 49,000 miles of organized township roads. They are looked after and maintained by the township council of the township in which they are located.

BY MR. JANES:

Q A question here might be in order. A statement was made that township superintendents should be provided with clerical assistance. My understanding is that has been done for years.

A I can answer that in this way. For eight

years, I was a municipal engineer looking after municipal roads, and I would like to have a dollar for every item I passed, and I do not recall of any coming back from the Treasury, refused.

As far as the Roads Branch was concerned, we certainly paid for clerical assistance to the township superintendent. It is provided quite clearly in the Act, that a township can do that. They have always been passed. There might be the rare occasion when they questioned the irregularity of clerical assistance, but certainly it is a legitimate item. Under the Act, the Commissioners were paying all the office expenses for the suburban roads commission, and I am sure they will do the same thing for the Metropolitan Roads Commission.

The only thing we do not pay are legal expenses. That is, if we get into a law suit, and legal expenses are incurred, the Department cannot undertake to get into that. We have no control over the taking out of a law suit.

There are 5,176 miles of unorganized township roads, a very difficult problem for the Department to handle, as you gentlemen will recognize.

BY MR. WREN:

Q Mr. Millar, may I break in there for a moment?

You remember reading Mr. Borden's remark about the statute labour system being satisfactory. What is your experience with the Department?

A The Statute Labour Act has had a rather strange history, Mr. Wren. There was a time, not too long ago, when a town could not draw assistance from the province, unless they abolished statute labour. One of the requirements in southern Ontario was that before aid could be given to a township, they had to abolish statute labour, and work on a certain basis of payment for work done.

But when the Department of Highways was amalgamated with the Department of Northern Development, in 1936, finally coming into effect in 1937, there was a serious problem created. You could not carry out statutory work under the Act, with a township which was not organized and with a municipal council.

So, to be frank, we recommended, and the Legislature approved, the streamlining of the Statute Labour Act, which was still on the books, and was still operative for some time.

The practice before that was to pay grants to municipalities. The Highways Department has never paid a grant. We pay on a subsidy basis for a portion of the work done, and shown to us as being done. If

you pay a subsidy, you have very little control of the character of the work done, but if you pay on what you see, that is a different matter. So we had to find some means of adjusting the situation through legislation, and that was done by making some adjustments in the Statute Labour Act.

For instance, there were 20 properties along a certain stretch of road. In one township, probably 19 were held by settlers, who were liable to be assessed for Statute Labour work. But in the adjoining township, with the same 20 properties along the road, only two had settlers, and the other 18 were on Crown Land.

We cannot assess the Crown Land, because there is nobody there to be assessed. The Highways Department assumed the assessment of the Crown Land, and assumed the same position as if they were occupied.

BY MR. GRUMMETT, Q.C.:

Q Under the Statute Labour Board?

A Yes, under the Statute Labour Board. That is one instance of streamlining.

We have recommended, and the Legislature has approved, the principle of day labour. Not very many teams could be hired today for \$3.00 per diem as was the case formerly, and that has now been

raised to \$6.00. That is the reason for the Statute Labour Act being there.

BY MR. WREN:

Q Do you think that is the best method of handling it at the present time?

A We have found no other way of handling it, except that. Mr. Grummett will bear me out from the trials and tribulations he has had in his own township in that respect. It has been taken care of, to a certain degree, by the amalgamation of townships, where a well-organized township will take in a number of the fringe townships, and take them into their council.

MR. GRUMMETT, Q.C.: We did that seven years ago, by amalgamating seven townships into one municipality.

THE WITNESS: It has been a very workable system. We admit it is not perfect. I frankly admit that. But something had to be done to bring it into line, and that was the step that was taken.

BY MR. WREN:

Q I am thinking of the sparsely-settled municipalities, where it is financially impossible for them to build or re-build roads.

A That is true. We have endeavoured to take

care of that situation by a system of development roads, which I want to make very clear are not King's Highways, but development roads, which are secondary roads. But the roads of which I am speaking now are the roads in unorganized municipalities, and so long as somebody will see they are kept up, the Department will try to build them.

BY THE CHAIRMAN:

Q What would be the mileage of the development roads? I believe, once they are built, they come under your Department?

A If there is a Statute Labour Board, or even a group of settlers, so long as somebody can look after the roads. The Highways Department is miles away, even the closest Division office will be at times a great distance away, and the Department cannot maintain these roads in isolated corners of the province, which may be 50 or 100 or 200 miles from the nearest Division office. But the Division Engineer can call around from time to time, and advise the Township, and pay the subsidy. We try to absorb the cash expenditures, and let the others do the work. It works out very well. The men up there are trained to work with their hands, and can do their own work, and build their own bridges.

Q It actually helps them in the pioneer work?

A Yes.

BY MR. GRUMMETT, Q.C.:

Q All in all, it has been a great boon to the pioneer settlers of the north, helped out through the Statute Labour Board, in the organization of pioneer settlers?

A We have a rather difficult time in these sections. We are building some of the highest-class roads on the American Continent on the one hand, and on the other end of the string, we have to build roads in unorganized municipalities. Quebec would be our nearest counterpart, with the district north of Montreal.

Q Does it work well in Quebec?

A It does not seem to. The Commissioners' report stated that the best guaranty of democratic institutions in this province is the will of the people not to be dominated by the central government in Toronto.

Q You mentioned Quebec, and in passing, I was asking whether Quebec operates its northern roads under one department.

A It tries to. They have an arrangement somewhat similar to our own, but different in this

sense, they have not the self-trained Statute Labour Boards for organized municipalities.

They are going through the stage we went through about thirty years ago, and paying a percentage. It is only since 1935 that the province has paid the entire costs of provincial highways. Before that time, the costs -- in some cases the cities paid 20 percent. of the costs of the King's Highways. That 20 percent. represented a check-rein on expenditures. Then, there was a great surge of pressure to take over all the highways. We have requests today for about 3,500 miles to be taken on, but we have not been able to take over any since 1937, but in 1936 and 1937, we had 1,600 miles added to our system. We could not do more, because we have not had the funds since that time to do it.

BY MR. WREN:

Q Are you not pretty well advanced, as compared with other provinces, ^{with} the Trans-Canada Highway?

A In road mileage completed, I would have to say "no". We have so much heavy traffic going across northern Ontario, we have not been able to keep up with the pace set by the Prairie Provinces. We could draw a parallel there by citing the Canadian Pacific Railway, which was built across the northern

part of Ontario. There was this great stretch along Lake Superior which nearly broke their backs, but when they got past Kenora, and onto the plains, they had easy going for a good many miles. Even crossing lakes was not as expensive as getting across the Cambrian Shield in northern Ontario.

Q Why did you not follow that site?

A I cannot say. The matter of location is a matter of government policy. But I would point out that in constructing the Trans-Canada Highway, we have incorporated, to a large degree, what the province already had underway. We were committed to build the highway to Sudbury, and we were committed to improve Highway 17 to the Quebec border east of Ottawa; we were committed to build a road from Chapleau to the west; we were committed to build the highway from Fort William on west to the Manitoba boundary, with the exception of this gap between Marathon and Chapleau. We are about as far as we would have been without the Trans-Canada agreement, but we are hoping to make a 50 percent. contribution to the national welfare. The Trans-Canada is costly and will have relatively small traffic when completed, but it is a national undertaking, and Ontario is playing its part.

Q Is the route pretty well finalized now?

A Pretty well. We had to make a change around Michipicoten. We ran up against flooding in that area, and we had to change our plans in regard to coming into Michipicoten.

Q What will happen in our part of the province where the Trans-Canada might require some re-routing? You may be familiar with the area around Kenora, and if you are, you will agree it is difficult to get through.

A What we have endeavoured to do is to leave to the last, this section of the Trans-Canada road, which is in pretty fair shape, especially those parts which are paved. It will have to be built eventually to Trans-Canada standards, in order that we may get the Federal contribution. When we finish the gap between Chapleau and the head of Lake Superior, we can come back to the other sections and do them leisurely.

BY THE CHAIRMAN:

Q What is the mileage there?

A About 120 miles, considering the most direct route we can follow.

BY MR. WREN:

Q In regard to the section of road which eventually will become the Trans-Canada Highway;

is that subsidy paid on all of the financial costs, up to the time the road is completed to Trans-Canada standards, or just the expenditure which is needed to bring it up to standard?

A I think I follow your question, and the answer is this: if the province had built a highway pretty close to Trans-Canada standards, which required very little adjustment to bring it up to the Trans-Canada standards, the Federal Government will pay the difference to bring it up to standards.

On the other hand, if the road is abandoned, and a new line has to be built, and if we are building some line and making heavy cuts.---

That was one of my points this morning, that the standards are pretty high -- you will get no credit for the original construction, because it is buried line, whereas, on the other hand, you can get the costs back to 1930, I believe it is.

Q What costs do you get along Lake Superior, for rock movement?

A Some of that is running over \$100,000 a mile, for grade and structures.

Q What would be the unit price?

A I have here, a table of costs of all unit prices in the province.

BY MR. GRUMMETT, Q.C.:

Q I would like to ask one question. I notice in regard to one of the northern routes, that is, Highway 11, you say "very little clearing", does that suggest the route from Smooth Rock Falls westward?

A The answer there is "to a certain degree". As you recall, the road to Geraldton was finished before the war. I believe we opened it on the 28th of October, and snow closed it on the 29th of October. We did not attempt to maintain it in the winter months during the war. It was available in the summer.

As you will note, we have paved from Nipigon, and the work is progressively under way.

Q Toward Hearst?

A We had to carry it through to Hearst. There are some large structures involved there. The Smooth Rock Falls dam will be a costly structure to erect. Then there is muskeg there which will require costly grading before we can pave.

Q You have done considerable grading on that road from Hearst down to Port Arthur in the last two years?

A Yes, and we had to go back and re-build the culverts. We estimate they are only good for about

ten or twelve years. I think it was in 1952 we started to replace the culverts.

Q The road from Hearst to Port Arthur is excellent. I go over it every year.

A It is one of the prettiest drives in Ontario. That is an example of the standard we felt was suitable. But to put the Trans-Canada standard through that same country would involve a tremendous cost. We feel you have to adjust your standards to the requirements. We feel that putting in a two-degree curve, where a four-degree, five, or six-degree curve is suggested, will serve equally as well, at much less expense. We cut through these ridges north of Nipigon, with two percent grades. We felt that was satisfactory. That we consider is the minimum. However, that standard cannot be maintained in British Columbia, because you cannot cut ^a/2 percent grade over the Rocky Mountains, but we feel we should be entitled to some consideration of a lower standard when crossing the rock ridges along Lake Superior.

THE CHAIRMAN: This may be a good time to adjourn. Mr. Millar will be available at a later date, if the Committee requires him.

---The witness temporarily retired.

---Whereupon, at 5:35 o'clock p.m., the further proceedings of this Committee adjourned until Wednesday, May 19th, 1954, at 10:30 o'clock, a.m.

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P R O C E E D I N G S

of the

**Select Committee of the Ontario
Legislature appointed to enquire
into matters concerning certain
Divisions of the Department of
Highways.**

MR. A. KELSO ROBERTS, Q.C., CHAIRMAN

PRESIDING.

MR. V. J. JOHNSON, SECRETARY.



VOLUME IV



Wednesday, May 19th, 1954.

Toronto, Ontario.



Mr. J. D. Millar, Deputy Minister,
Department of Public Works

Mr. H. A. Cotnam, F.C.A., Provincial Auditor

Mr. G. H. Spence, Deputy Provincial Auditor

Mr. Peter Wright, Q.C., for Hon. Mr. Winters,
Minister, Federal Department
of Public Works.

Mr. W. L. Gordon) Representing Messrs.
) J. D. Woods & Gordon
Mr. Duncan Gordon) Ltd.

Mr. F. R. Duncan, for the Liberal Opposition.

Col. J. M. Muir, Association of Professional
Engineers.

Mr. R. D. Jennings, for Standard Paving Company.

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THE CHAIRMAN: Gentlemen, shall we come to order? There are one or two preliminaries we might consider at this time.

Are there any other gentlemen here to-day representing others than those who have already been recorded as representing individuals, or groups?

I think Mr. Stevens of the firm of Fraser, Beatty Company, Solicitors, is here and would like to make a request of the Committee. What he is about to bring up is something which may come before the Committee from other sources, and I think the Committee

might settle this matter now.

MR. STEVENS: Mr. Chairman, and gentlemen of the Committee: Our firm is solicitors for one of the people charged, following the preliminary enquiry, and in order to aid us in the preparation of our defence, I would like to obtain at least 6 copies of the report by J. D. Woods & Gordon Limited, and also several transcripts of the proceedings. I understand before those can be obtained, we must get the consent of the Committee.

MR. WREN: Whom is he representing, Mr. Chairman?

THE CHAIRMAN: Mr. Stevens, you had better tell us who you are representing.

MR. STEVENS: It is Mr. Tomlinson.

THE CHAIRMAN: I think as far as the evidence of this Committee is concerned, copies could be obtained. It may be necessary for payment to be made to cover the increased expense involved in preparation of the copies.

With respect to the other matter you requested, I think perhaps the proper procedure would be to have you apply to the hon. Attorney-General, because that is a matter which I think is in the hands of the Crown more than of this Committee.

HON. MR. PORTER: That is the Woods-Gordon report?

THE CHAIRMAN: Yes.

HON. MR. PORTER: Are there extra copies of the Woods-Gordon report? If everybody wants copies, I do not know how they can be furnished. We do not know how many will come forward, and I cannot say whether we have enough to go around at the moment, to give 6 copies to each applicant. We could, I think, supply one, and then as many copies could be made as was desired.

There may be other requests of a similar nature for copies of the report, which is now a public document, as is the evidence before this Committee, and you are entitled to secure it, if you pay for it in the regular way.

THE CHAIRMAN: You may contact the Secretary and make whatever arrangement you can, with him.

MR. STEVENS: Thank you, Mr. Chairman.

THE CHAIRMAN: I think before we proceed, hon. Mr. Porter, the Attorney-General, has a message he would like to bring to this Committee, and I will now call upon the hon. Attorney-General.

HON. MR. PORTER: Mr. Chairman and gentlemen: Last night I had a conference with Mr. C. L. Dubin, Q.C., who is the special prosecutor in the criminal trials which are being proceeded with, and he was somewhat concerned as to whether this Committee intended to call

witnesses of one kind and another, who might deal with some of the alleged irregularities, and he wanted to make sure there would be no "crossing of wires" as between his investigation and the investigation which might be made by this Committee.

Mr. Chairman, in my position, I am responsible for the administration of justice, and in my view, the fair trials of these cases comes first, and I think it would be a great mistake if this Committee heard witnesses who might speak about matters which will come up in those trials, or who maybe later called as witnesses in the trials. This might jeopardize the Crown's case, and it might well jeopardize the cases of the accused. I do not think we should do that.

I took the liberty, Mr. Chairman, of arranging a conference this morning with yourself, Mr. Oliver, Mr. Wren and Mr. Grummett, the latter three of whom are members of this Committee representing Opposition Parties. I explained the position to them, and I think I am right in saying they agreed we should not do anything to jeopardize the interests either of the Crown or the accused, in these trials, and that it would be a mistake for this Committee to examine witnesses who may have to appear at these trials on any matters which are now under investigation.

There are prosecutions which have been launched at the present time, and there are investigations pending, and Mr. Cotnam is still proceeding, and we cannot say at the moment whether there may be some further cases which will have to be taken or not, against other parties, for all we know.

For that reason, I feel quite strongly in this matter, that it would be the wise course for this Committee not to call any such witnesses until the trials are disposed of. There may be some other proceedings which will involve our attention in the meantime, but that can be decided later.

I may say that Mr. Wren, this morning, informed me that he has the names of a number of witnesses, and after the discussion we had, he agreed that the proper procedure, in view of the position I have stated, would be to give all that information to the Crown. Then Mr. Dubin, who has these cases under consideration, will be able to have the advantage of Mr. Wren's information, and the names of the witnesses, which may assist him materially in the enquiries he is making. I must say I think Mr. Wren has followed the proper and right course, and he agrees with me. I think our first consideration should be that justice should be done, even if it means some delay in following up some of the items on the agenda

which properly will come before this Committee.

I may say that the first trials are set for June 7th, in Fort William. Those are the four prosecutions which come, I believe, before a County Court Judge, or a District Judge, as he is known there.

Following that, the preliminary hearings in the cases in which certain contractors are involved will take place in Toronto, Whitby and Fort William, and probably will be proceeded with in the latter part of June, perhaps extending into the first part of July. I cannot say as to how lengthy the preliminary hearings may be, but, no doubt, in the course of these preliminary hearings, a considerable amount of information will be made public, and the Committee will be in a much better position, after these proceedings have been disposed of, to deal with these matters than it would be by carrying on an independent investigation along the same lines.

It is expected, in any of the cases where the accused are committed for trial, the trials will take place in the early part of the Fall -- probably in September, or shortly thereafter, so that the prosecutions which are now pending should no doubt be disposed of within a reasonable time subsequently.

A certain itinerary has been laid before the Committee, and we discussed this morning the advisability

of visiting the Fort William area prior to the trials which are to take place at the beginning of June, and I think I can say that the Leader of the Opposition (Mr. Oliver), Mr. Wren and Mr. Grummett agreed with Mr. Roberts and myself, that it would be advisable to postpone that visit until after the trials. In the meantime, if the Committee desires to visit some other districts, that could easily be arranged.

I do not see any objection to continuing this morning with the witness, Mr. Millar, who was before the Committee yesterday, and allowing him to complete his testimony, and then the Committee can decide what it wishes to do.

If I have left anything unsaid, Mr. Oliver, I would be glad to have you mention it at this time.

THE CHAIRMAN: Before Mr. Oliver speaks, I would like to say that, as I intimated yesterday, there are gentlemen here, particularly from the Head Office Branch of the Department, who have indicated they were available if they were required, and, as I said earlier, they may be called.

The view of the group mentioned by the hon. Attorney-General, was that this morning we do not wish to call specifically anyone beyond Mr. Millar, but if there is anybody who, by his own desire, wishes to come

before the Committee, we may deal with such a situation when it arises.

HON. MR. PORTER: I may say the proposition I have put forward, does not, in any way, limit the scope of the enquiries which can be continued in due course. The Committee will be called again, I understand from the Chairman, in due time to consider any further matters into which the Committee wishes to go, and to call any witnesses which, at that time, the Committee deems desirable.

MR. OLIVER: Mr. Chairman, following what the hon. Attorney-General has said; it has now become apparent that in order to carry out the work of this Committee, it will be necessary to call witnesses whose position, because of the calling, might be jeopardized or might interfere with the processes of courts of law. The Opposition has no desire to do that. I am also sure the Government has no desire to do that.

We agreed this morning that so long as it was definitely understood that this was not an abandonment, but rather a deferment until the trials were completed, we would agree to the proposition to postpone, for the time being, the calling of witnesses.

There are one or two things which I think should be said to-day. One of them is that it must be

understood that, so far as the Opposition is concerned, we were prepared to move on in a proper examination before this Committee, but in order to do that adequately, we would have to call witnesses whose cases were before the court. We do not want to do that, and if we have the assurance of the hon. Attorney-General -- and I want to make it quite clear so that everyone will know that this assurance is binding -- that when the trials are over the Committee will reconvene, that witnesses will then be available, and we will be in a much better position as a Committee to do the job we have set out to do.

So far as this morning's meeting of the Committee is concerned -- I would like to speak on that for a moment -- we had Mr. Gordon's very elaborate report, and now we have had Mr. Millar before us for some time, on the understanding that he is coming back on the stand again.

We are in this position; that Mr. Millar -- as he is justified in doing -- has placed himself in direct contradiction to the proposals and recommendations of Mr. Gordon in his report.

As I mentioned in the meeting we had this morning, Mr. Chairman, I think in the course of the next ten days or so, we should have a meeting of the Committee, at which meeting Mr. Gordon should be present, and he

would be expected to justify, before the Committee, the recommendations contained in his report, and his findings of fact. I mean by that, what is behind the recommendations.

The position we are in now is that we have had these proposals and recommendations, and we have had the rebuttal on the part of the Deputy Minister of Highways. If there is to be any value in Mr. Gordon's report at all, then he will have to come before the Committee -- and before very long -- and justify the recommendations, and give to the Committee the facts which led him to make the recommendations contained in the report. I hope, as a committee, we will be able to do that. I think that does not interfere at all with the trials which are coming up in a few days.

I do not want to be dogmatic in this regard, but if we cannot agree to that, I do not see why Mr. Millar should proceed this morning. I cannot understand why we should have Mr. Millar refute the arguments of Mr. Gordon, unless we have an opportunity of hearing Mr. Gordon substantiate his report.

THE CHAIRMAN: You will have the opportunity of hearing Mr. Gordon many times.

As a matter of fact, the itinerary set out was to give this Committee the opportunity of observing with

its own eyes, the various sections of the highways which are in question, and get a general perspective of the highways of the North.

We hope to gain an insight of the highway situation in New York State, by a visit to Albany, which we hope will be under the supervision and direction of competent people there, and a visit to the State of North Dakota, which, from the information I have, in that type of northern state, there exists one of the best highway lay-outs in the United States.

With that background, and with the further and wider knowledge this Committee should have as a result of these visits, we could then tackle the Gordon report in the light of any information we have in that respect. Mr. Gordon, I understand, will be available to the Committee throughout its deliberations.

HON. MR. PORTER: I see by your tentative agenda, that you have June 28th, 29th and 30th open for Toronto meetings. This allows for the trip to Albany, the Head of the Lakes, and Sault Ste. Marie. The visit to the Head of the Lakes can be switched.

THE CHAIRMAN: I think that can all be worked out between now and the end of June. On that basis, we will discuss dates. What I would like to do is to get this cleared now. We want to accommodate the convenience

of the members, as far as we possibly can. I know there is one wedding in the offing -- not a member, but the relative of a member -- and we will try to arrange the dates to best meet the convenience of the members of the Committee.

When we adjourn at lunch time, perhaps the members might remain for a few moments and discuss this, which is not a matter of general public interest, and perhaps we can ascertain then the opinions of some of the members.

With respect to May 27th and 28th, for our visit to Albany: If the Committee agrees to that, I would like to get our Secretary started on making the necessary contacts, to see if those dates will be satisfactory at the other end. That may be done during the day, so if we leave that for the moment, we will know the details a little later on. If the Committee is willing to start with the Albany meeting, we can deal with the other parts of the itinerary at the luncheon adjournment.

MR. COLLINGS: If we are going to move the trips back a week, Albany would be in the same week that we were planning on going North.

THE CHAIRMAN: We could start a little later.

MR. COLLINGS: The early part of June, would

be satisfactory; either the 2nd or 3rd of June.

THE CHAIRMAN: Mr. Elson is getting the detailed information, and we might take a moment with him now.

Mr. Elson, would you outline this matter, briefly? You have it divided into several trips. Perhaps you would just elaborate on that for a moment.

MR. ELSON: Mr. Chairman and gentlemen: If you will open your maps, the trips are shown by the broken and solid lines, and numbered. There have been a number of mimeographed copies of the sheet prepared, and I understand each member of the Committee has a copy. These give the trips in detail.

We have divided them into three groups. Number 1 contains three trips, the first trip is to Fort William and Nipigon. We have checked that on the map, and then from Nipigon to Marathon, Marathon to Terrace Bay, spending the night at Terrace Bay. An alternate plan would be for the Committee to fly from Toronto to Fort William, and then go by vehicle, over the trip as I have outlined, only in reverse order.

Trip Number 2 is from Nipigon to the Geraldton area, Terrace Bay to Nipigon, Nipigon to Geraldton, and Geraldton to Fort William.

You will notice that some of these mileages

are rather high, and we figure a day should be utilized for each of these trips.

From Nipigon to Geraldton, a road which is pretty heavily travelled, is about 345 miles.

Then, Trip Number 3, from Fort William south to the Atikokan area --

THE CHAIRMAN: Perhaps before we leave that, Mr. Mapledoram could give us some information about the condition of the roads. Could we make 345 miles in one day? We might combine Trips 1, 2 and 3 into one over-all trip.

MR. ELSON: Yes, we have placed them in one group.

THE CHAIRMAN: We would probably need at least four days to complete the mileage.

MR. ELSON: Yes.

THE CHAIRMAN: Let us call it four days, apart from going to and coming from Fort William.

MR. ELSON: I would think so. Then the next trip is from Fort William west to Kenora.

THE CHAIRMAN: May I say on that point, that we planned in the tentative itinerary I passed around yesterday, to tie that trip in with the North Dakota trip. Perhaps you might say if that is feasible.

MR. ELSON: I have the mileages here. They

are quite extensive, too.

MR. MAPLEDORAM: Bismark, North Dakota is quite a ways West of Winnipeg.

THE CHAIRMAN: If you tied the two in, we could proceed in the way you are describing, Mr. Elson, and then go on to Bismark.

MR. ELSON: It depends on the time interval but, with the five days required for that, the Committee might take Group Number 1 as a particular unit, finish that up, and arrive back in Toronto, and possibly leave one of the other two groups to be combined with the Bismark trip.

MR. WREN: Mr. Chairman, in regard to Group 2, returning to Winnipeg, from Fort Frances. The connections between Winnipeg and Bismark are excellent, and you will be enabled to return directly to Toronto, either by rail or air.

THE CHAIRMAN: Could we not make it one trip coming down from Red Lake, down to Fort Frances, and then go on to Bismark? We will work out the details of that. If we could go over the route once, by starting at Red Lake, we would not have to repeat any of the trips.

HON. MR. PORTER: Is there any way of doing something similar in regard to the trip to Geraldton? You are re-tracing the route there.

THE CHAIRMAN: What type of transportation were you planning, Mr. Elson?

MR. ELSON: Our idea is that the Division Engineer could meet us at the focal point of the trip, and transportation could then be arranged through him.

THE CHAIRMAN: I think if we can get our dates set, we can rely on the officials to work out the details all right.

MR. MAPLEDORAM: It could be worked in with the Fort Frances trip all right, but not down to Geraldton and Red Lake.

THE CHAIRMAN: Not unless we started at Red Lake and ended up at Bismark. We could motor from Red Lake down to the boundary, and then go on to Bismark, and in that way we will only be going over the route once.

If the Committee is agreed that trip is feasible, it may be worked out on that basis.

MR. JANES: That would take four days?

THE CHAIRMAN: Yes, at least.

MR. ELSON: That is Group Number 2.

HON. MR. PORTER: Is there a regular air service to Red Lake?

MR. WREN: Yes, the Central Northern, but it runs into Winnipeg.

HON. MR. PORTER: Is there no Ontario service?

MR. WREN: No, unless a plane is chartered from the Lands and Forests Department. That generally can be done, if there are no bad fires.

MR. JANES: We used the Forestry planes on the Conservation Committee trips altogether.

HON. MR. PORTER: I think that would be the proper thing to do, because I cannot see any point in going over 300 miles of road twice. It is bad enough to go over it once. I am, essentially, a pedestrian.

THE CHAIRMAN: Gentlemen, I think if we leave these ideas with Mr. Elson, he can be working on them immediately.

MR. ELSON: It is Group Number 3, in which you are mainly interested now?

THE CHAIRMAN: I think the more we can get away from repeating any of the trips, the better. If the Forestry planes are available for any trips, they could set up down at different places, and it might be better, all the way around.

MR. JANES: You do not get as good accommodations, but they are all right.

THE CHAIRMAN: Are they Ansons?

MR. WREN: No, they are Otters and Beavers.

THE CHAIRMAN: Then, Group Number 3: This

is the trip Mr. Elson has worked up, with his staff. If we motor from Toronto, we could go over the new Parry Sound highway and see that new road, and the construction all the way to Sudbury, and then go on from Sudbury to Sault Ste. Marie, and we could fly back from the Soo.

HON. MR. PORTER: The road is open all the way to Sudbury, is it?

THE CHAIRMAN: I would suggest that trip be the second one. After the Albany trip, we might visit Huntsville, Parry Sound, Sudbury and Sault Ste. Marie, and that might be planned for our second visit.

Then, for our third visit, if we go to Bismark, and back to the Red Lake district, that would leave for our fourth visit the one to Fort William, and by that time, the trials should be pretty well proceeded with, and maybe cleared away.

MR. JANES: It will take two days for the Soo. trip, will it not?

THE CHAIRMAN: Yes, plus the time getting back.

MR. ELSON: Two days, plus the return, yes.

THE CHAIRMAN: Is it agreed upon the order I have just suggested, if it can be arranged. and arrangement can be made immediately for the Albany trip?

MR. COLLINGS: I think the Albany trip could be worked in, in the early part.

THE CHAIRMAN: I want to get this on a balance of convenience. Personally, I am prepared to fit myself into anything the Committee decides.

MR. JANES: Next week will suit me.

HON. MR. PORTER: I suppose we cannot get any time which will suit everybody. Some of us might not be able to go on some of the trips.

THE CHAIRMAN: Mr. Elson, would you try to work out something, so we can have it later on today.

MR. ELSON: Yes, Mr. Chairman.

HON. MR. PORTER: I think the trip to the Head of the Lakes should be the last one to be arranged.

THE CHAIRMAN: That would leave us Fort William, after these other trips. Then we have some days open in June, where we could sit down and start our work with the Gordon report in front of us again.

Gentlemen, do you think it would be possible for us to fit in Bismark, Red Lake, Fort Frances and Fort William into one trip, and avoid repeating the travelling over any particular road? It might take us ten days, but it could all be done in one trip.

Supposing we plan tentatively to start on June 16th, and do all of these Western trips. Is that agreeable?

HON. MR. PORTER: Starting from Bismark, and working around the other way, because if the trials are not quite completed, it would not do so much harm.

THE CHAIRMAN: That might call for some re-arrangement, but would that meet with the approval of the Committee?

(Concurred in.)

THE CHAIRMAN: Then we have three trips, beginning with the Albany trip, then the Soo. trip, and allowing ten days for the rest of it. That would still leave us a few days at the end of June to wind up here in Toronto, and take up the discussion on the Gordon report.

Is that satisfactory to everybody?

MR. MAPLEDORAM: It would be better if the Albany trip could be moved into the first week of June.

THE CHAIRMAN: There is one other suggestion, rather than trying to get the Albany trip for the 27th and 28th of May, we might take it early in June. Let us settle those dates right now. Would the 3rd. and 4th of June be equally satisfactory?

MR. MAPLEDORAM: How about the 2nd and 3rd of June?

THE CHAIRMAN: Is that satisfactory to the Committee?

(Concurred in.)

THE CHAIRMAN: That means leaving on Tuesday night, and returning on Thursday night.

MR. BECKETT, Q.C.: How shall we go? Does everybody go on their own?

THE CHAIRMAN: The Secretary will work out a plan. He will take care of all the details in connection with the bookings and that sort of thing, and transportation, in conjunction with Mr. Elson.

With that information in front of the Committee, I think perhaps we can get a revised memorandum.

MR. ELSON: Yes. We will have one prepared, and break it down into more detail. These maps (indicating) just show the details of the roads on these visits.

THE CHAIRMAN: They show the different contracts?

MR. ELSON: Yes.

MR. JANES: You are not doing any two trips together? The Albany trip is the first?

THE CHAIRMAN: Yes, and then the trip to Sault Ste. Marie.

MR. JANES: That will be the week of the 6th of June.

THE CHAIRMAN: The Soo. trip could start on the 9th of June. We can change that from the 10th to the 9th.

MR. JAMES: What day is the 9th?

THE CHAIRMAN: Wednesday. Suppose we make it the 9th of June for the starting of our Soo. trip; the 2nd and 3rd of June for Albany; the 9th, 10th and 11th for the Soo. trip, and commencing on the 16th of June, probably a ten-days trip to Bismark and the Lake-head, and what is left in June afterwards will probably be the 28th, 29th and 30th, here in Toronto.

Could we have that later in the afternoon, Mr. Elson?

MR. ELSON: Yes, we can, Mr. Chairman.

THE CHAIRMAN: Now, Mr. Millar, I think perhaps if you will come back for a little while if you will, please.

J O H N D A V I D M I L L A R ,

a witness previously heard, now recalled, and who having been already sworn, continues his testimony as follows:

BY THE CHAIRMAN:

Q Will you proceed, Mr. Millar?

A Mr. Chairman, before continuing with the brief on the Highway Department, could I return to yesterday's evidence, where a question was asked by Mr. Beckett, regarding Contract 50-28?

THE CHAIRMAN: Certainly, Mr. Millar.

THE WITNESS: I did not have the information available then, but I have it now.

I find it was for the Black Creek bridge on Highway No. 54. The bridge was not completed until after the previous grading contract on that road had been completed, so it was necessary to have the bridge built, after that work was completed.

Snyder Brothers had the contract for the bridge, and tenders were invited for the amount of earth fill, to make the approaches.

Three tenders were received, and Snyder Brothers, being the lowest, was accepted. \$15,230.00 was over-run.

And there was also encountered, a water condition which necessitated taking the abutments higher than called for in the contract, and the contractor was paid another \$1,200.00 for that extra work.

He was also paid some \$4,300.00 for rock excavation, not included in the tender. Rock was discovered on the job, as well.

Does that cover your question, Mr. Beckett?

MR. BECKETT, Q.C.: Yes, I guess so.

THE WITNESS: Gentlemen, as the Committee adjourned yesterday, I was at the amount of work which has been accomplished by the Highway Department in the past ten years, from 1943 to 1953.

I would like to point out that these briefs from the Highways Department have been in the course of preparation for more than a week before the Woods-Gordon report was tabled before the Committee. We had covered the grading and paving which had been done in Southern Ontario, and for Northern Ontario.

I might say the green shown here are the types of pavement, whether pavement or surfacing. It might be stated that some of the surface we maintain; that is true, but it is still a paving job, and we have combined them so as not to have too many colours on the map.

If there are no further questions, I will have the map turned over, and show a similar one for Southern Ontario.

This (indicating) is the same story and a copy of this map is in the large folder, that is, a series of maps and a large chart.

Are there any questions concerning Northern Ontario?

BY MR. JANES:

Q Mr. Millar, there is a question I would like to ask, referring back to this Woods-Gordon report. I think there was one recommendation which was rather unrealistic, about the purchasing of property. They say you should offer a price, and then immediately

expropriate.

MR. OLIVER: Where do you find that?

HON. MR. PORTER: The recommendation was that if their offer should be made, and it was not accepted, expropriation proceedings should be taken. The implication is that rather than having an unduly low price and have negotiations follow, that a fair price be offered at the beginning. That was the point.

BY MR. JANES:

Q I do not need to tell you, Mr. Millar, what would happen if you came into my riding and did that.

A I can say without hesitation that I fully believe that the prices offered by the Highways Department valuers are fair. There may be minor adjustments for conditions which were not taken into consideration when the offer was made. But I would say that in 95 percent. of the cases, the offer made by the Department is the final offer.

If I may, I would like to explain our position in that respect. A great many of you gentlemen are familiar with what transpires when a farm is sold in a rural area.

If I may illustrate it in this way: Farmer "A", who is getting up in years, and whose family has grown up, wants to sell. Farmer "B" has a young family

growing up, and wants to establish his son or daughter on the farm. The story gets around, that Farmer "A" wants to sell, and Farmer "B" wants to buy, so the two get together. You know what happens. Farmer "A" asks twice as much as he thinks he will get for the land, and Farmer "B" offers one-half of what he is prepared to pay.

So they "dicker", or, to use an old term, they "horse trade", and eventually Farmer "B" comes up in his offer, and Farmer "A" comes down in his asking price, and they finally arrive at what they know is a fair value of the farm.

What happens is this: When Farmer "B" approaches Farmer "A", Farmer "A" asks twice as much as he thinks the farm will eventually sell for, and he expects the Highway valuers to offer half as much as they are prepared to pay for it. That is not the case.

Our valuers approach to the owner is for only one reason, and that is, to make an offer based on current sales in the area, after a study of the tax rolls and considering other factors, plus his knowledge which he has acquired over many years as a practical real estate man, as to what the property is worth, and he makes that offer.

BY THE CHAIRMAN:

Q That is in the open? You do not have agents

acting for you?

A No, sir. We do all our own purchasing.

Q It is known to the property seller that he is dealing with the Highways Department?

A That is right. The men identify themselves as Highway valuers. We do -- following up your question -- engage top-rank real estate men, as do the owners themselves frequently.

But we come to a point where the offer made by the Highways Department is basically the first and final offer. The owner does not expect that; he expects there will be some negotiations with the Highway valuers, that they will go up, and he, in turn, will go progressively down. We do negotiate, as we feel it is the only democratic thing to do.

We do not like the word "expropriation", any more than the public at large. It gives the impression we are taking something forcibly, and we try not to create that impression, but try to offer a price which we think is fair.

But the owner expects "horse trading", and that is the problem our valuers are facing at all times.

I believe you will recall an answer to a question tabled in the Legislature, that in the past 7 years, if my memory serves me rightly as to the way

the question was asked, only about five or six cases dealing with property have gone to appeal before the Municipal Board, and, as you will recognize, there is a provision for appeal from the decision of the Municipal Board to the courts. No case has ever reached the courts. All have been settled by the Municipal Board, usually before a hearing is held.

We have had only three or four arbitration cases in the past 7 years.

BY MR. OLIVER:

Q In those cases which come before the Municipal Board, was there any change?

A Basically, none. In some cases, a slight amount higher. In one case, there was a very substantial reduction from the price the Department offered. We made the offer, and the Board ruled it was too high. There were only three cases, and they were settled in that manner.

That is in the light of the fact, as you will see, that the Property Division is dealing with close to 190,000 pieces of property per year. They have been doing that for almost the past 10 years. Out of all those cases, only three or four have given, what might be called "difficulties".

What Mr. Gordon apparently was getting at is that this procedure pretty well slows things down. The procedure is slow; there are just too many things to be done, so that they have to be slow. You could throw an expropriation into the situation, and say, "What do you want for this?", but --

A That is not good business, we do not think.

Q I suppose the plan advocated by the report -- that is, the long-term plan -- and I am not at the moment expressing an opinion about which plan is the best -- but I realize that these difficulties will arise, and if a thorough-going plan for the future was worked out, a great deal of this would become automatic, because it would be arranged long in advance of the time you start work. Is that right?

A Let me answer that "Yes" and "No". If I may try to illustrate, to explain the answer.

If you plan too far in advance, and your plan becomes definite, the price of the property will jump, almost immediately.

As an illustration, may I mention the Kingston by-pass, which has now become Highway 401, to the north of the city of Kingston. Negotiations were carried out for the establishment of that by-pass as early as 1935, to my knowledge, because my predecessor came

from Kingston and was well acquainted with members of the city Council there. He had appraised the land, but was met by very violent opposition from the Council of the city of Kingston, because it was proposed to take Highway No. 2 off of the main street of Kingston. There was bitter debate as to where the highway should go. The Council demanded it stay where it was, and the merchants took it up with the Highways Department, in an effort to keep it on the main street. The Department felt it should go three or four miles north of Kingston, to keep the area clear.

And compromise land had to be chosen between the two extremes, that is, the demand by the city Council that they go down the main street, and the Deputy Minister's suggestion that they go three or four miles to the north. The line was taken between the railway and Kingston. That land was purchased almost in its entirety. In purchasing a property, it does not mean we buy the entire farm or the entire bloc of property. They buy, in many cases, an irregular portion of the property, angling across. You pay for two things; you pay for the right of way, and also damages for severance. A small piece of property bought for a right of way, has to be added

end to end to make that right of way, and that is extremely costly, as you have a re-sale value of almost nothing, because there is only one person who is in a position to buy it, and that is the owner of the property. If he retains the severance, he might come forward and buy that sliver of land, which angles across. While you have to pay a heavy price for that sliver, you have very little opportunity to recover it, if the plans are changed.

That is what happened in Kingston. The work was suspended during the war. Three or four years after the war, the thinking had completely changed. The city Council no longer so strenuously opposed the by-pass, and the thinking got back to the original thinking of the Deputy Minister of that day.

We abandoned the land which was half-way between Kingston and the railway, and we took a considerable drop in selling the property, because of the circumstances I have mentioned. However, I believe it was a wise move.

Does that explain your question, Mr. Janes?

MR. JANES: Oh, pretty well. I think in regard to the property question, it does not damage the municipalities too much, but they have had good results

was fearful of that recommendation being carried out.

MR. GRUMMETT, Q.C.: That will come later, I think.

THE CHAIRMAN: I do not think we should circumscribe any questions, but at the moment the intention of having Mr. Millar here was to have him deal with the matter of his brief. I think, toward the end of June, we should go into that in a little more detail.

MR. BECKETT, Q.C.: We will have more time then.

MR. JANES: When they start that dictatorial measure, I do not like it.

THE CHAIRMAN: You will not be checked from going into it in full detail.

MR. COLLINGS: Mr. Oliver raised the question this morning, in which he thought Mr. Millar was putting in rebuttal.

BY MR. COLLINGS:

Q I would like to ask you, Mr. Millar, if during the course of the investigation by Woods, Gordon and Company, you were in continuous conference with Mr. Gordon throughout the time he was investigating the Department?

A Myself, personally?

Q Yes.

A No sir. Members of the staff, I understand, were interviewed at frequent intervals by Mr. Gordon. But, for myself, I had very little contact with him.

BY MR. WREN:

Q How much?

A I would say my first meeting with Mr. Duncan Gordon was in January. I was called into the Minister's office, and was introduced, and I then called in the senior members of the staff, and introduced them to Mr. Gordon. That took about fifteen minutes.

About a month later, I had probably a twenty-minute interview with Mr. Gordon, and I have not, to my recollection, talked to him since.

Q Thirty-five minutes was the sum total of your conferences?

A Yes.

Q And you were the senior administering officer of the Department?

A I was the Deputy Minister of the Department, yes.

THE CHAIRMAN: We can take up some of the points being raised a little later on, but I think now we will get further along if we dealt with the brief by

Mr. Millar.

MR. JANES: I am quite willing to wait, as long as we come back to it.

THE CHAIRMAN: I think this report should be reviewed by any who have ability to comprehend it, and give us the benefit of their views and criticism. I think that applies to Mr. Millar very definitely, as one who should be able to make many comments, both helpful and otherwise, on it.

As I said a day or two ago, I think a spokesmen for contractors, should certainly interest themselves in studying this report, and giving the Committee their views at the appropriate time. I do not know whether the Committee thinks it is necessary to do more than make that statement, or whether we should have somebody definitely look into it, as well.

MR. JANES: To go back to the report; what worries me is that we are getting the auditors' report, and the Gordon report, condemning the Department very seriously. I think the Department should have the opportunity at the very earliest moment of replying to endeavour to correct these statements, which to me are entirely wrong -- that is, the recommendations are entirely wrong.

MR. WREN: The report has a very serious import,

I agree.

BY MR. WREN:

Q Mr. Millar, you made a rather amazing answer to my question --

THE CHAIRMAN: Could I get the views of the Committee in regard to this matter? Having in mind the contractors, whether we should make it more than simply throwing out the thought, and ask that somebody should make a study of this from their angle, because it is most important, when it comes to the actual work, that it should fit in.

MR. WREN: There were two important documents placed before us, when we came here. One was the report by J. D. Woods and Gordon Company, and the other was the Auditor's report. What I would like to ask the witness, in view of the fact that he has told me he only spent thirty-five minutes of his time with one group, if he would tell me how much Mr. Cotnam spent with him.

THE WITNESS: A great deal of time. The Department has always worked, as all Departments do, very closely with the Provincial Auditor.

The procedure is this: when the Department's own investigators -- and we have our own auditors, under the Chief Accountant -- in some cases, finds

irregularities, if they are considered of a minor character, they are dealt with by the Department. If a major difficulty is indicated, the Provincial Auditor is immediately called in to take over the investigation.

In our dealings with the Provincial Auditor, we have always had the fullest and most complete, I might say, confidence, backward and forward. I have known the Provincial Auditor for over twenty years, and we have had many dealings.

BY MR. WREN:

Q You considered the matters ~~regarding~~ irregularities of very serious import, and turned the investigation over to him?

A We turned over the result of our preliminary investigations, which indicated there might be irregularities, and from these, the Provincial Auditor carried on.

Q It was not the Provincial Auditor who started this? It was your staff?

A Our staff, and all the employees of the province of Ontario. I cannot segregate my staff from the Provincial Auditor's staff. They work together very closely.

Q You cannot say whether your Department or

the Provincial Auditor initiated the investigations.

A I would not like to say either one. It is like saying "Who started to build a certain bridge?". It takes hundreds of men to build a bridge. There may be a director, but they all have a part in it. The Auditor of Highway Accounts is in much the same position.

Q Would you say, "Yes" or "No", that your Department started the investigation?

A You are speaking of Fort William?

Q Any investigation.

A I am going on the presumption that the investigation started in Fort William. I would say, without hesitation, that perhaps the Highway staff checked what appeared to be minor irregularities, but which were found to be of a much more serious character.

You will recall the evidence of Mr. Robbins, at the last hearing, that some seventy cases of minor irregularities had been uncovered in the course of three years. Out of that seventy, possibly only two or three or four warranted going to the Provincial Auditor. The others were handled by the Department itself, even to the extent of laying charges, and having the police go and bring the men to court, and convicting them.

Q Prior to your passing this information on to

any other department of government, the Provincial Auditor's Department sign requisitions for payment for some of these works done by the Highways Department?

A That is true. The Provincial Auditor's Department is really not a separate department of government. It has the over-riding budgetary control and checking and auditing all other departments.

BY MR. COLLINGS:

Q The first suspicion of any wrongdoing originated in the Highways Department?

A Yes.

BY MR. WREN:

Q You brought it to the attention of the Provincial Auditor that documents were being approved by his office which should not be approved, until further investigation was made?

A No, I would not say that. We brought to his attention that there were minor irregularities in the Departmental activities. At a later date, it developed they were of a much more major character than originally indicated when they were turned over to the Provincial Auditor.

When we had turned the minor irregularities over to the Provincial Auditor, we stepped out of the picture, but, of course, at all times, lent

assistance to the Provincial Auditor to carry on his investigation.

Q From that time on, you were just a co-operating body?

A Fully co-operating, naturally, sir, since our whole staff of the Highways Department in future hinged on getting the facts of the cases, and correcting them.

BY MR. COLLINGS:

Q Let us get that clear; any suspicion of wrongdoing emanated from inside the Department, and not from somebody outside?

A Yes, I would say that without hesitation. It came as a result of the checks made all through the Department. Almost yearly, we have ten or twelve cases which come up.

BY MR. OLIVER:

Q How do you account for the widespread nature of the irregularities? Seventy cases were mentioned the other day. How do you account for not having found those before --

THE CHAIRMAN: Just a minute. Let us not get off on a wrong premise. Mr. Robbins said that those seventy cases were over a period of three years, and Mr. Millar has already said they were prosecuted when they arose. It is not as if the seventy were

found out all at once.

HON. MR. PORTER: Yes; considering the amount of work being done, the cases to which Mr. Robbins referred were of a very minor character. If you have a large number of --

MR. WREN: May I ask the hon. Attorney-General, as a Barrister, what he would consider to be "minor" and "major" offenders?

HON. MR. PORTER: I think Mr. Robbins described it as "petty chiselling".

MR. WREN: Would you call "petty chiselling" a minor thing?

HON. MR. PORTER: I think it is minor, compared with some of the things which have been mentioned.

THE CHAIRMAN: May I come back to the reports again? In reviewing the Gordon report, I wonder, Colonel Muir, whether your Association, or anybody designated by your group, would be in a position to look at this report from the standpoint of practicability, from the contractors' side of it -- the people actually contracting with the Department?

COLONEL MUIR: I will endeavour to do so, Mr. Chairman, and advise you as to what I find.

MR. OLIVER: I believe the engineers should be asked to present to the Committee, a brief on costs.

They should be able to do that.

COLONEL MUIR: I think that is the intention of the Association.

MR. OLIVER: That is fine.

THE CHAIRMAN: Then I think perhaps we might get back to your brief, Mr. Millar.

BY MR. WREN:

Q I would like to ask one question before we get away from northern Ontario.

A It can be turned back at any time.

Q What time was there between the time of the planning of the Atikokan Highway, and the time tenders were called?

A There may have been, as you recall, twenty years ago, a road built between Atikokan and Shebandowan.

Q That was built by a man by the name of Bush?

A Yes. It was before the Department was amalgamated with the Department of Northern Development. That was because of the known iron deposits at Steep Rock, but the deposits were never developed, and the plan more or less died out.

Then the war brought on a search for rich iron deposits to supplement the low-grade ore at Mesabi, and that led to the further development of Steep Rock, and instead of a small town, a section

point on the Canadian National, the town suddenly mushroomed, in two or three years, into a town of 6,000 or 7,000 people, and there was an immediate and pressing demand for a road outlet.

Several propositions were studied in keeping with the broad original plan of the highway, and a road was chosen paralleling the railway, but at some distance from it, at different points.

We can do today, by the use of "photogramy" -- if I may use that word, in regard to the early surveys; a great deal in a short time. The days of the old surveyors with their transits are gone, and one now with a camera can do in a few minutes what it used to take days and weeks to do. If some of the old-time engineers could come back today and see the ease with which the early mapping is done, they would turn over in their graves. We were working on the old Bush survey.

Q According to the Press, in my riding -- I have not the paper here, but it was in a recent issue of the Dryden Observer -- they were commenting editorially on the statement made to people in Fort Frances along the line that you did not think the possibility of a road between Atikokan and Fort Frances was too feasible. However, in commenting on that,

they raised the question as to why the Department of Highways did not take into consideration following the road from a point known as Martin on Highway 17, south of which the Great Lakes Paper Company had extensive holdings, and this paper claimed the cost for providing this outlet for Atikokan could save millions of dollars, had that road been used.

Have you any comment to make on that?

A I would like to ask when this purported discussion on improvements took place at Fort Frances?

Q Apparently it was a letter written to the Chamber of Commerce. I think a copy of the paper would be in the Legislative Library. It quoted the letter quite extensively, but I cannot remember the date. That was very recent.

A There is a great deal of correspondence, a great deal of discussion, and many expressions of opinion, backward and forward, on each highway project, before it is finally finalized.

I can say, without hesitation, that I have certain views on running a highway, the Chief Engineer may have others, the Assistant Chief Engineer may have a third and the Minister himself may have a fourth. I think you will agree that takes place in all organizations. I have frequently deferred to the opinions of

the Chief Engineer, which is backed up by opinions of the other engineers, and they are the men who have to make the thing "tick". We take into consideration the opinion of the Maintenance Engineer, because, after it is finished, he has to keep it going, and if he cannot operate on an economical basis, there is little use in building the road.

Q Did your Department recommend against the outlet from Atikokan, on the Fort Frances Highway?

A No. It was recommended for a straight line which would follow the original line of nearly twenty years ago.

Q Was there any comparison of costs?

A Yes.

Q What was it -- at the present time?

A I, frankly, do not remember the comparison, but it would be on the basis of mileage costs. If there was a shorter route, it would cost less in total, but in this average country, as in northern Ontario, it would run them for a moderately standard road, between \$60,000 and \$70,000 a mile. It is purely a matter of where you want the road to go, as to what the costs would be.

Q What did it cost?

A It was reported as tabled in the Legislature to run about \$20,000 or \$25,000 per mile. That could

be checked from the reply to the question in the House.

Q Could you get the figures for me of the road as it has been built, as against the alternative outlet from Akikokan to Martin, a little village on Highway No. 17? That is near the English River.

A Yes, that can be obtained. But these are all, frankly, studies that are water over the dam.

Q It is not "water over the dam" if a newspaper, or someone, indicates you have spent millions of dollars more than you should have, and I think it should be explained, why the extra millions are spent.

A I do not agree that extra millions are spent. It is a choice between two things. On any highway, you can spend very little money, or a tremendous sum. It is a matter of policy to decide on the route that is to be followed, and the towns to be taken in on that route.

 We have had it thrown at us -- and I use the word advisedly -- that a lumber company can build a highway in the bush country for \$1,000. per mile. So can we. But it is not a road the public want, and not one the engineers can keep open in the spring and fall. We know, by bitter experience, that to carry traffic all the year around, you have to have a road

which costs, under the most ideal conditions, \$20,000 per mile. That has been proven times without number.

Q There was a great deal of mileage of roads available, which were built by the paper companies. I do not know, of course, but I do not doubt that negotiations could have been had with your Department to either purchase or take them over, one way or the other. I have seen the loads on those roads, and other roads the companies have built, and they carry a tremendous tonnage of lumber and other materials.

They would certainly carry the ordinary passenger traffic.

A Just put it this way; will they carry it through the spring rains?

Q Oh yes, the roads are built there, and they will carry these heavy loads.

A I have talked this over, and the paper company was a bit put out. It wanted compensation for the value of the road which the Department used, but it was on Crown Land, and was unlicensed occupation.

Q They have to build a road to handle their traffic.

A Yes. But they will build it at very little cost per mile by just following these trails, which will cut down the grading to some extent. It is not

a road which can be built by the Highways Department.

BY MR. COLLINGS:

Q Is your road built as it will be when completed?

A It is nearing completion. The grading is very nearly finished.

BY MR. WREN:

Q According to the tenders, the Atikokan road cost something in the neighborhood of \$100,000. per mile?

A I have the figures before me, but I cannot make a comment on them. I believe, however, on the average, it ran between \$75,000 and \$80,000 per mile. That does not include paving in a majority of cases, and it does not include structures, although we have built bridges and structures on the highway. They go in and build the bridges as they go, but we have to go back and replace them, as they do rot.

Q Can you give this Committee the relative costs, please?

A Yes.

Q If I am mistaken, I will get a copy of the paper.

A I would like to see it. To my knowledge, the only time I stopped in Fort Frances to discuss anything with anybody there was in 1943. I have passed

through there since, but never had occasion to interview anybody.

BY MR. MAPLEDORAM:

Q . That discussion in the newspaper was, I think, in last Tuesday's edition, and was agitation on the part of the people of Steep Rock to get an outlet. They had a meeting of both towns in Fort Frances to discuss the extension of the road. This is something which has been going on for the past six years, or perhaps even more. Somebody had to make the decision and the road was built. It is area probably better settled than going through Martin. It is not like Conti Bay and Shady Creek, which they would not encounter, if it went through Martin.

HON. MR. PORTER: This is a road which is under investigation. I do not think we should go into that in more detail.

MR. MAPLEDORAM: That was thoroughly discussed by the people of northwestern Ontario, and there was a deputation came down here to see the Minister, and I think it was the unanimous opinion of everybody that the road was built in the right place. It may be that the people of Dryden were disappointed, because it did not go closer to the town of Dryden. But it gives access from Akikokan to the Head of the Lakes,

where ninety percent. of their business is done, and where they get quick and easy access.

That is part of an old argument, in which I do not want to become mixed, but I have heard it for four or five years, and I think Mr. Wren has heard the same story.

MR. WREN: Yes.

BY MR. JANES:

Q Would it not be most unfair to discuss the costs of building a bush road?

A Mr. Gordon said that the Company has written it off.

We have never been approached, to the best of my knowledge, to take the road over. This would probably be to give it consideration, the same as anybody else. They are able to operate the road, but it would have to be rebuilt if taken over as a main highway, particularly the Atikokan road, where they are attempting to provide access for this Inland Steel development up there.

It is only a question of time until it will have to be hard-surfaced. I think you will find the Division Engineer in the Lakehead area would recommend, as an economy measure, that the road be hard-surfaced, as quickly as possible.

It has become almost standard practice today

to put a mulch pavement on a fresh grade job, as soon as possible.

MR. MAPLEDORAM: Right now the Engineer is having a great problem with that road. He has to put his graders over it every day to keep it in service. Right now, it is the second biggest development in that area, the Inland Steel, which will be another Steep Rock, and they will have to take a great deal of material in by transport.

Great strides are being made in the Fort William shipbuilding, and the material for that has to be hauled up there by truck.

I think it would help a great deal.

MR. OLIVER: Perhaps we had better go to lunch now.

THE WITNESS: Gentlemen, you will note on page 2 of the small brief, the information relating to these two charts (indicating), one of which has just been turned over. It says:

"The chart referring to the mileages of grading and paving shows that 2,191.73 miles of grading and 5,305.70 miles of paving were awarded between 1943 and 1953.?"

I draw your attention to the fact that this 5,300 miles of paving is out of a total of 7,870

miles, as shown on page 1. That 5,300 miles has either been re-surfaced, or re-paved. That is a great percentage of every highway in the province, which has had some type of improved surfacing.

BY MR. GRUMMETT, Q.C.:

Q In indicating the amount of grading done on road 101; you extended a little farther than it actually does go. There is 7.2 miles, which is not completed.

A It is cleared, but not graded. You are correct. I stand corrected in regard to the number of miles.

These (indicating) are the bridges which have been accomplished in the last ten years. They are reproduced in the large folder. These (indicating) are the bridges in southern Ontario.

BY THE CHAIRMAN:

Q I wanted to ask a question in regard to page 2 of your brief. Have you left that? Are you moving on beyond that, at the moment?

A If there is any further question --

Q I want to draw attention, on page 2, to Item "B", which reads:

"Rock excavation prices gradually decreased from 1945 to 1950, then rose in 1951, and

tell off again since 1952."

Then, on page 4, you give a price figure per cubic yard, and on page 5, you give a graph.

I think that some comments on that price range would be in order, if you care to give it.

A Very well. On page 4, you will note the complete totals of the average prices of the major items of construction units, during the ten years.

But, as you will note, the average price of earth excavation in northern Ontario has run fairly constant, and is at a price today that is too low, as it has been all during the ten-year period.

Q In 1945, it was 46 cents, and in 1953, it was 41 cents per cubic yard.

BY MR. WREN:

Q May I ask a question? Would you not agree that in 1943, at the start of these comparisons, the companies, and any other persons concerned, were using machinery which would now be considered obsolete, and it was right in the middle of the war period, where repairs and the availability of new equipment was almost non-existent, so I do not think it is fair to compare the cost of moving rock with that obsolete equipment, as against 1954, when we have equipment of the finest type, which certainly would reduce the costs.

THE CHAIRMAN: That is something upon which we have asked him to comment.

THE WITNESS: That is quite true. We were doing very little in 1942 and 1943. There is a chart there showing the roads accomplished, and it was practically nothing in 1943, as one of the war years. But I do point this out, that in the face of rising prices in every type of construction, particularly in house building, the price has been kept down. Those prices are lower than any other comparable prices on the North American Continent. We have checked that.

BY THE CHAIRMAN:

Q Would you say that explanation applies to earth excavation and rock excavation in the north?

A Yes.

Q In both cases?

A Yes. We have checked on costs in the United States, and even presuming that wages for skilled operators are the same, it is apparent that any contractor in Ontario has to pay up to forty percent more for his machinery. It comes into Canada, under a very high protective tariff. Yet, in spite of those conditions, the contractors have finished their work at a lower price than any other place on the American Continent.

BY MR. BECKETT, Q.C.:

Q What is the explanation of that?

A I believe it lies in clean competitive bidding. When a man is out to get a job, he will figure ways and means of doing the job the most economically.

If I may go back some twenty years, when the slush grader -- the horse-drawn grader -- was the conventional way of moving earth. It had been used for 150 years on railroad property. The price for moving earth was higher than it is today, although wages in some cases were 50 cents, which was the price then for a team. Sometimes, they paid extra for the men.

BY THE CHAIRMAN:

Q Mr. Millar, look at this (indicating) "1945, rock excavation, \$2.07 per cubic yard; in 1950, 1.43 per cubic yard, and in 1953, \$1.29 per cubic yard."

Do you consider that this lowering of prices is perfectly realistic?

A Completely. They were the result of engineers^{and} hard-working young contractors, cutting down the prices, and getting down to earth in their methods.

Q Just in round figures; I know a number of contractors who charge \$1.50 per cubic yard for rock excavation. In your opinion, a contractor in northern

Ontario, getting \$1.50 per cubic yard of rock, should be able to make a proper profit? Is that right?

A I cannot say he should be able to. I can only state they have done so, apparently.

A witness at the last hearing testified that, to his knowledge, in ten years there had been only three failures amongst the contractors.

Q \$1.50 per cubic yard does not appear to be very low.

A No, I have seen rock moved as low as 50 cents a cubic yard. I have seen earth moved at 5 cents per cubic yard. The contractors used very ingenious methods of getting over the mushy ground. It was not solid enough to hold the traffic going over it. He probably may have lain awake at night thinking about it, and then he would get into rock, then may have had to use a hydraulic dredge and pump it perhaps seven miles.

Sometimes, a contracting firm in any line can get too big. I would like to draw an illustration, which remains very strongly in my memory. An old professor was commissioned by the Department to make some experiments on frost action, and he wanted some boxes, four feet square, and open at the top, so he took four sheets, and bent them up, and tack-welded

them --

HON. MR. PORTER: The whole question of prices, bids, and that sort of thing will be quite a vital part in some of the prosecutions, and it may be better if we could leave that discussion until later.

MR. OLIVER: May I ask this one question?

THE CHAIRMAN: Certainly.

BY MR. OLIVER:

Q Supposing a contractor was to bid below cost, for instance, and suppose, further, there was an error in the amount of material to be moved; if that was the case, then your figures would not be accurate.

A Our figures could only be based on these records from year to year. An engineer cannot state what a contractor's costs should be, or are. He has no access to the contractor's records.

Several statements have been made by those giving testimony, but not being engineers, they do not know the answers to the questions. I am an engineer, and I do know the answer. The answer is this; in 25 years' experience in the most extensive working with highway contracts, I could never say what price a contractor should bid. That is not an engineer's business. His business is to measure the quantities, and see that the contractors are properly paid.

BY THE CHAIRMAN:

Q Properly paid at the price he bids?

A Yes. What price a contractor puts in his figures, is not the concern of the engineer. It never has been, to my knowledge, and never can be.

BY MR. OLIVER:

Q In view of that, why do you ask the Division Engineer on this D-4 form, to estimate the unit costs?

A We have to have a figure to work to, to call a contract.

Q Is he in a better position to do that than you would be? You say you cannot do it.

A He is in the position of judging that certain average conditions apply in almost every job. Unless somebody visits the job from Head Office, it has to be the Division Engineer who makes that calculation. But those estimates are not made public. They are purely for the information of the Department. To arrive at an amount, he has to have the unit price behind it, which, in turn, makes the contract total.

I can say, as an engineer, if the contractor's bid is considerably above an engineer's figure, we look into it very closely, but we have no way of determining whether a contractor's bid is too low. He may have different methods, of which we are not aware; he may

have new machinery which will do the job cheaper. For instance, take a Letourneau machine, which was the last word before the war. It could move earth about 500 feet --

HON. MR. PORTER: I suggest we shut off this evidence, because of the fact that this may be the sort of evidence which will have to be adduced later.

I do not know anything about the details of these prosecutions myself, but it may be safer if we do not go into this too much, at the present time.

MR. OLIVER: Our friend (Mr. Millar) is making these statements, and they are being taken as read, and we are given no opportunity to cross-examine in respect to them.

HON. MR. PORTER: That is why I suggest we leave this part of it over. I do not want to limit any member's right to cross-examine. That is not my purpose.

MR. OLIVER: Another point which I think you will appreciate, Mr. Attorney-General, is the very statement Mr. Millar is giving now might or might not be a factor in the trials which are coming up, just as much as our cross-examination might.

MR. BECKETT, Q.C.: I think this will go to the very root of the prosecutions. It is in regard to

prices, all the way through. It might jeopardize the hearings,

MR. OLIVER: Do not let us have a one-sided statement then.

HON. MR. PORTER: Perhaps we should have stopped this earlier, but I did not realize what the evidence was concerning, until it had gone on for some time.

MR. WREN: Mr. Millar just made another odd statement when he said Mr. Gordon was qualifying his remarks. He said that without being an engineer, Mr. Gordon was expressing an opinion. Again, he is in conflict with the Gordon report. There is the implication that Mr. Gordon did not consult with the engineers.

BY MR. COLLINGS:

Q I would like to put this question, and if you think it should not be answered, all right. You said that the prices here were lower than those in the United States. In Mr. Gordon's report, at No. 3, speaking of contractors having certain financial resources, it says:

"Similar procedures, necessary to pre-qualify, have been in operation in certain states of the United States."

If we were to adopt pre-qualification, would that have the tendency to stiffen unit prices here? Would that shut out some of the smaller contractors? Is that objectionable?

THE CHAIRMAN: I do not think there is anything objectionable about that.

HON. MR. PORTER: No, but on the other hand, in view of the fact that the whole position will be relevant in these prosecutions, I feel we should not take any chances, because the Committee will sit afterwards, and there will be ample opportunity to clear up anything which has not been cleared up. It is not purpose to limit Mr. Oliver's questions at all.

THE CHAIRMAN: Let us "get this" again. Here (indicating) is a chart setting out certain prices, and the witness says he thinks these prices are properly sound, in a competitive field.

HON. MR. PORTER: That may be a matter to be determined by the courts.

MR. OLIVER: There could be an element of error there. There really is, as a matter of fact.

HON. MR. PORTER: I cannot say what might be wrong about it, but I do not want to get onto dangerous ground.

MR. OLIVER: But certainly, in an examination,

to determine whether there was an element of error, we might be treading on ground which the hon. Attorney-General thinks we should not tread upon at this time.

HON. MR. PORTER: I think we should try to avoid that. I think we have gone a little too far.

MR. GRUMMETT, Q.C.: I do not see why we should continue with Mr. Millar's evidence, because we are continuously on questions of order --

HON. MR. PORTER: If you are agreed, it might be desirable to discontinue the examination of this witness for the time being.

MR. OLIVER: We may either do that, or cross-examine him. One or the other.

THE CHAIRMAN: Let us find out what Mr. Millar has further, that he wants to present to the Committee.

MR. GRUMMETT, Q.C.: No, I do not think that is right.

MR. WREN: The decision should be made, one way or the other.

HON. MR. PORTER: Mr. Millar will be available later.

THE CHAIRMAN: Is it the wish of the Committee we stop Mr. Millar's evidence at this point?

(Concurred in).

MR. JANES: We must not jeopardize the fair

trials of these men.

MR. GRUMMETT, Q.C.: The members of the Committee are, at any time, at liberty to fully question the witness?

HON. MR. PORTER: That is the difficulty we have now reached. I think perhaps up to this point, we have not touched upon anything which might be embarrassing, but we are coming to a spot where we might. I think we should discontinue this entirely, for the time being.

MR. GRUMMETT, Q.C.: Perhaps when he comes on again, he can give us a brief review of what he has already stated.

MR. COLLINGS: We will have the evidence transcribed before then.

THE CHAIRMAN: Is everyone of the same opinion on that, and satisfied that we might stop at this point?

MR. OLIVER: My position is quite clear, Mr. Chairman. If Mr. Millar is going to persist in bringing up questions which should be argued, in order to get their full import, then we are certainly going to ask questions of Mr. Millar. If the hon. Attorney-General suggests that in asking those questions we may transgress on ground which should not be traversed

at the moment, I think we had better desist.

THE CHAIRMAN: I would like to have this very clear now.

HON. MR. PORTER: I think we would fail in our duty, if we did not recognize the realities of the position we are up against, and not "cross wires", by not proceeding here any further today.

THE CHAIRMAN: I would like to feel that all members of this Committee are in agreement with that. If not, then each question will have to be dealt with as it arises. I do not want to adjourn this, and then in a day or two, have somebody complaining we did not get on with what we should have.

MR. WREN: I do not think there is any disagreement with what Mr. Oliver and hon. Mr. Porter have said.

HON. MR. PORTER: I think it is unsatisfactory to have a witness make a statement, and not be able to be cross-examined, because we will only confuse matters.

MR. GRUMMETT, Q.C.: The witness, by illustrating the answers to the present questions, I feel was transgressing as well. I do not see anything to be gained by continuing his examination at this time.

THE CHAIRMAN: If the Committee members are

in favour with that view, this would be a good place to perhaps terminate Mr. Millar's testimony for the time being.

MR. OLIVER: I do not know what the hon. Attorney-General thinks, but, as a layman, I doubt if any of these things are sub judice before this Committee. I think our rights are pretty wide.

HON. MR. PORTER: I am not questioning the power of the Committee. It is a question of wisdom.

MR. OLIVER: Well, "wisdom" is a good word.

HON. MR. PORTER: Sometimes a layman knows more about some things than a lawyer.

MR. OLIVER: We have thought that, for a long time.

---The witness retired.

MR. JOHNSON (Secretary): In regard to the trip to Albany: I have contacted the Trans-Canada Airlines, and they have been good enough to say that they think the American Airlines would give us better service to Albany. If you leave in the morning, you do not arrive in Albany until about 2:15, and the flight out of Albany would be at 7:35. Would that give you enough time?

HON. MR. PORTER: Surely two days would be

plenty of time.

MR. JOHNSTON (Secretary): I telephoned to the University Tours, and they claim the American Airlines would take in Buffalo and Albany all in one morning. That might be the best way to go.

HON. MR. PORTER: We arrive at Albany at 2:15?

MR. JOHNSON (Secretary): Yes.

HON. MR. PORTER: With a change at Buffalo?

MR. JOHNSTON (Secretary): Yes. The other trip would take us to New York and back to Albany, which would be a waste of time. However, they are going into it further, and will give me further information this afternoon. You think two days will be enough time?

THE CHAIRMAN: I think everybody is agreed on that.

MR. COLLINGS: Then we leave at 7:30 in the morning? That is the flight to New York?

MR. JOHNSON (Secretary): Yes. The University Tours are getting more information lined up.

THE CHAIRMAN: Gentlemen, we have some correspondence, and one or two things in addition to that. Would the Committee prefer to sit for three-quarters of an hour, or come back after luncheon?

MR. GRUMMETT, Q.C.: Oh, come back after lunch.

MR. BECKETT, Q.C.: How long would it take to clean it up?

THE CHAIRMAN: I think probably a half an hour.

MR. GRUMMETT, Q.C.: There might be a certain amount of discussion which would take a little longer. Let us come back after lunch. The local lawyers can do their work tomorrow, instead of today.

THE CHAIRMAN: Then we will adjourn until 2:30 o'clock this afternoon.

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---Whereupon, at 12:38 of the clock, p.m., the further proceedings of this Committee adjourned until this afternoon at 2:30 o'clock.

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A F T E R N O O N S E S S I O N

Toronto, Ontario,
Wednesday, May 19th, 1954,
2:40 o'clock, p.m.

- - - - -

The further proceedings of this Committee reconvened pursuant to adjournment.

All parties present.

Same appearances as heretofore noted.

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THE CHAIRMAN: Gentlemen, let us come to order. I expect Mr. Clarke, and Mr. Elson will be here in a moment or two and will have some information about the Albany trip.

There is the question now of some correspondence, and I would ask our Secretary to bring it before the Committee. I mentioned on Monday it was thought at that time the correspondence should be deferred until we completed the more urgent part of the agenda.

MR. JOHNSON (Secretary): This is a letter dated April 22nd, 1954, addressed to the Chairman, from the County of Brant:

"Dear Mr. Chairman:

"Re: Select Legislative Committee on
Highways

"At the last session of the Brant County Council, the following resolution was duly passed, and is submitted herewith for consideration by your Committee:

"Resolved:

That this Council make representations to the Select Committee of the Legislature to study the operations of the Highway Improvement Act, in order to recommend to the said Committee that some alterations be incorporated in the Act to relieve urban municipalities, within the County system similar to the town of Paris, of excessive road costs."

That is signed by Mr. R. E. Lawrason, County Clerk.

THE CHAIRMAN: I think you have a memorandum from Mr. Treadgold, which might be read, pertaining to this letter.

MR. JOHNSON (Secretary):

"Mr. A. Kelso Roberts, Esq., Q.C., Chairman,
Select Committee on Department of Highways,
320 Bay Street,
TORONTO 1, Ontario.

Re: Resolution of Brant County Council

Dear Mr. Roberts:

With regard to the request of the Brant County Council to make representations to your

Committee with respect to the operation of The Highway Improvement Act, I felt that you would be interested in knowing what took place at the meeting of the Private Bills Committee of the Legislature during the recent session.

The Town of Hespeler in 1951, 1952 and 1953, made application to the Legislature for a Private Act separating the town from the County of Waterloo. In 1953, the Town of Paris made application for a Private Act separating the town from the County of Brant.

In 1954, both of these towns made similar applications.

All of the applications have been refused by the Private Bills Committee. In 1953, the suggestion was made that the matter of urban municipalities' contributions to county roads should be referred to the Ontario Provincial-Municipal Relations Committee. I do not know whether this was done.

During the hearing of the applications of the Town of Paris and the Town of Hespeler by the Private Bills Committee this year, a suggestion was made by one of the Committee members that the matter could quite properly be dealt with by

the Select Committee dealing with the Department of Highways. The Committee had not at that stage been set up but the Prime Minister had given notice of his motion to establish the Committee. I suggested to the Chairman of the Private Bills Committee that I was doubtful that the terms of reference of the Committee would include a matter such as this and some discussion took place, but in the end it appeared to be the feeling of the members of the Committee that the Select Committee could and would deal with the matter. In the result, the Bills were not reported but I am quite sure that the members of the Private Bills Committee and of the councils of the towns and counties concerned left the Private Bills Committee under the impression that the matter would be dealt with by your Committee. This would appear to be confirmed by the fact that Brant County Council has passed the resolution referred to above.

I might point out that the problem arises entirely out of the provisions of The Highway Improvement Act in relation to the contributions of urban municipalities not separated from the county towards county roads and in relation to

the contributions of cities and separated towns towards county roads that are designated as suburban roads.

Yours very truly,

(signed) D. M. Treadgold

Municipal Legislative Counsel."

THE CHAIRMAN: Gentlemen, this is something which has been put on our doorstep, and I did not know anyone had any thought of having it presented to us, when the Committee was set up. It is up to the Committee. It apparently gets here because of some conversation which took place in another committee meeting, and at that time, we were not even set up, as I understand it. I do not know whether we have authority to deal with it.

MR. BECKETT, Q.C.: There is no doubt that impression was left in the Private Bills Committee, as some of the members here were at the hearing of this Private Bills Committee, and I think perhaps they went away with that thought, that when a committee was set up, it might have the power to deal with it, but I think it is questionable.

HON. MR. PORTER: Can this not stand over until our next meeting?

MR. OLIVER: Was the statement made by the

Chairman of the Private Bills Committee?

MR. BECKETT, Q.C.: No, it was a general discussion about the matter of the contributions. It has been up for years.

MR. OLIVER: Yes, I know.

MR. JANES: I made the statement I understood there was a study being made of the situation, and I think that is so.

MR. BECKETT, Q.C.: As a matter of fact, Hon. Mr. Doucett said there would be a study made of it.

HON. MR. PORTER: We can find that out before the next meeting.

THE CHAIRMAN: Perhaps it could be kept on our agenda, and considered later.

MR. JOHNSON (Secretary): I acknowledged receipt of the letter, and said it would be read to the Committee.

THE CHAIRMAN: Then you will see that it gets before us again, at some appropriate time?

MR. JOHNSON (Secretary): Yes, Mr. Chairman.

MR. JANES: I think that should be discussed with the hon. Minister of Highways (Mr. Doucett) and the hon. Minister of Municipal Affairs (Mr. Dunbar). I discussed it with both of them several times, and I think they have been discussing it between themselves.

THE CHAIRMAN: We will ask the Secretary to make contact with the two Departments, and perhaps we may get some memoranda the next time we meet, and we can then decide what we shall do.

As to the procedure for the future: I have outlined some plans.

Colonel Muir, the suggestion has been made that possibly there is an organization of contractors which might consider making representations to this Committee. If they wished to do so, we will be glad to hear from them. I do not think it is our function to go out and search them out.

Perhaps you might pass that information on, Colonel Muir, and if anyone wants to present a brief, or discuss this matter, or study the Gordon report, perhaps we should let them have a copy for their consideration. Would that be the general view of the Committee?

(Concurred in).

THE CHAIRMAN: I do not think anywhere along the line there has been any study of the railroad procedures. Whether that would be helpful to this Committee or not, I am not sure. It has been suggested to me privately that some information regarding the procedure of the great railways, such as the

Canadian Pacific and the Canadian National, in regard to some parts of their set-ups, might be of help.

If the Committee feels that should be done, we have Mr. Gordon available to continue working along those lines, and if you think he should do it, he may do so, or shall it be done in some other manner? Perhaps this would be the time to give instructions on that, if we are going to get anything which will be useful, within the next few weeks.

MR. JANES: Should we not have someone come in and give us a picture of their set-up?

THE CHAIRMAN: Mr. George Bagley, Vice-President in this particular area, is available. If the Committee feels that a letter be written to him asking him if he cares to submit any comments or views which might be helpful to this Committee, that may be done. He is the Vice-President of the Canadian Pacific Railway.

Perhaps the same thing might apply to the Canadian National Railway.

MR. DENT: Personally, I do not think it would serve any useful purpose.

MR. COLLINGS: What would be the purpose of it?

THE CHAIRMAN: To get some information about

the method of operation of the great transportation systems.

MR. COLLINGS: How about the transport people, who use the highways?

MR. GRUMMETT, Q.C.: They are not organized in the same way.

MR. JANES: You are referring to their organization -- as to how they are set up?

THE CHAIRMAN: Certain departments which might be comparable.

MR. JANES: I think it would be better to bring them in here and ask them questions, if we are going to do anything of that kind.

THE CHAIRMAN: I leave it with the Committee. If you feel something of that sort would be helpful, and constructive, perhaps I should have a motion now, which will be available.

MR. BECKETT, Q.C.: There would be no harm in writing Mr. Bagley, if he would be agreeable to that. If he does not, it will have to be handled otherwise.

HON. MR. PORTER: The railway set-ups have an entirely different purpose. They are for the transportation of goods and people, whereas the Highways Department's function is to build highways

to meet the demands of the people.

THE CHAIRMAN: I think there is something in the fields of construction and maintenance, which might be of value.

HON. MR. PORTER: What sort of contracts they have, and their methods of operation?

THE CHAIRMAN: Yes. Does the Committee feel we might at least explore it, to the extent of communicating with Mr. Bagley?

MR. COLLINGS: There will be no harm in asking him. I will so move, Mr. Chairman.

MR. BECKETT, Q.C.: I will second that motion.

(Motion agreed to).

THE CHAIRMAN: Have you any other correspondence, Mr. Johnson?

MR. JOHNSON (Secretary): No.

THE CHAIRMAN: Is there anybody else present who might wish to present something to the Committee at this point? Is there anybody present who has any communication they may wish to make to the Committee at the present time?

(No response).

(page 686 follows)

THE CHAIRMAN:

I take it there is no member of the Committee who wishes to call anybody at this time? (No response.)

I would think, apart from settling some matters of internal arrangements, the Committee has pretty well concluded its business for this particular sitting, and it might be more convenient if the members would just sit around the table and settle some of these details, as if we had adjourned, rather than keeping everybody here.

There is no thought of excluding anybody who wants to stay, but the Committee might deal at this time with details in regard to further meetings, and other matters the Secretary has before him.

MR. COLLINGS: Officially, you want a motion to adjourn?

THE CHAIRMAN: Yes.

MR. COLLINGS: I so move, Mr. Chairman.

MR. BECKETT, Q.C.: I second the motion.

(Motion agreed to.)

THE CHAIRMAN: Then the meeting will be adjourned, and the members may remain for a few minutes to discuss some of the matters which are of interest to the Committee.

---- Whereupon, at 3:00 of the clock p.m., the further proceedings of this Committee adjourned, until Thursday, June 3rd, 1954, at 9:15 a.m.

---- The Committee resumed in informal session. A discussion was had regarding future meetings and visits by the Committee, and, after some time, the following proceedings were had.

THE CHAIRMAN: Mr. Clarke, have you anything to report the Committee?

MR. CLARKE (Chief Engineer): As far as Albany is concerned, I telephoned Mr. Nickerson, the Chief Engineer, and he said he could not see the Committee on the 1st and 2nd, but he could on the 3rd, or 4th, or both days. I am supposed to let him know, in about an hour.

THE CHAIRMAN: Then the 3rd and 4th of June will be the days. Are the members agreed on those dates for the trip to Albany?

(Concurred in.)

THE CHAIRMAN: Anything further on that, Mr. Clarke?

MR. CLARKE: No. Mr. Nickerson is waiting for me to confirm the dates. If it is your desire, I will call him and let him know.

THE CHAIRMAN: We will arrive sometime in the early afternoon, and we would like to have a chat with him in the afternoon, and a conference with him on the following day.

MR. CLARKE: Very well. The accommodations are all being taken care of.

---- Further discussion re future proceedings (not reported).

MR. GRUMMETT, Q.C.: I think we should be clear, as a Committee, on these allowances.

MR. JOHNSON (Secretary): Possibly I can explain it, as I see it, and I will be glad to answer any questions, after I have explained my sheets. These pertain mainly to the out-of-town members, of course. Section "A" or "B" is to be filled out -- either one. They cannot both be filled out. That takes care of that.

Coming down to "C", which is the allowance for travelling, \$20.00. It says "per day", but I believe it is interpreted as "per date". That is, if you travel on any part of a date, you are entitled to the allowance. You think of a "day" as being 24 hours. I understand this to mean if you travel in the evening, and are here the next day, and do not arrive home until the morning of the following day, that is three days' travelling. If you arrive here in the morning, and go home the same night, that is only one day's travel. If you travel to and from your homes, as Mr. Dent does, you are entitled to the \$20.00-allowance, and one day's attendance, or \$30.00.

HON. MR. PORTER: The Secretary will be

accompanying the Committee and should take care of all meals and hotel bills.

MR. GRUMMETT, Q.C.: I leave home, for instance, Sunday, and arrive here for a Monday meeting. I am travelling on Sunday -- for instance, last Sunday was the 16th. I travelled on the 16th.

MR. JOHNSON (Secretary): When did you arrive in Toronto?

MR. GRUMMETT, Q.C.: On Monday morning at 9:15 o'clock.

MR. JOHNSON (Secretary): That is two days.

MR. GRUMMETT, Q.C.: My opinion was this should be fixed. For instance, I come down here for one day's meeting, and I should get an allowance for that day. I start from home, when travelling for the day's meeting, and I go over into the next day before I get back home, and there would be an allowance for that. Under your ruling, there would be an allowance for three days. I do not think that is right.

MR. JOHNSON (Secretary): You cannot get more than one day's travelling allowance, on the day the Committee meets.

MR. GRUMMETT, Q.C.: I do not think that should be allowed, anyway.

MR. MAPLEDORAM: What time do you get on the

train at night?

MR. GRUMMETT, Q.C.: At 6:30.

MR. MAPLEDORAM: It means you are travelling into the next day. That is two days.

MR. GRUMMETT, Q.C.: When I start home, I leave Toronto at 6.30 p.m., on the day of the meeting. I do not get home until about 10:00 o'clock the next morning.

MR. JOHNSON (Secretary): That is two more days.

MR. GRUMMETT, Q.C.: I do not think that is correct. I think we are stretching the interpretation a little.

MR. JOHNSON (Secretary): You are speaking of two days, and the days of meeting. If the Committee sits one day, you are only entitled to three days' allowance.

MR. GRUMMETT, Q.C.: But under your interpretation, I am entitled to four days now. I think I should be entitled to only two. You corrected my last account, and sent it back.

THE CHAIRMAN: Mr. Cotnam, the Provincial Auditor, is here. Perhaps he could explain this for the Committee.

MR. COTNAM (Provincial Auditor): My interpretation would be this, and I think Mr. Mapledoram

mentioned it himself.

If you leave at 6:30 in the evening, once midnight arrives, you are in the second day, but since there is a meeting, you are only entitled to \$20.00 for one day's travel. If you leave that same evening, you still get one day.

MR. GRUMMETT, Q.C.: That is a great deal more generous than I estimated.

THE CHAIRMAN: There is one other point perhaps I should have mentioned, and we might clear it now.

It seems to me we would want Mr. Gordon to attend on the Albany trip, and to be present, as we will be getting information there which may be of value to him in appraising the situation, as well as ourselves.

The Deputy Minister will be with us on all of our trips. My idea is that Mr. Gordon should be with us on all our trips.

MR. WREN: How many receipts do we have to furnish?

MR. MAPLEDORAM: I was going to speak about Mr. Gordon's attending the meetings. I think it would be an advantage, as far as myself and Mr. Wren are concerned -- particularly the members from the North -- in view of the fact that he has recommendations concerning

municipal roads in his report.

I would like to have the opportunity of showing you some of our problems first-hand, and some of the things which I think are not covered in the report.

What I am getting at is this: I believe in the old Northern Development set-up, the Province encouraged people to become pioneers, some of whom were not acceptable. They went in and established themselves.

Under the Highway Act, under this set-up, at the present time, there is no provision to give those people a certain amount of service, and before I am finished with this Committee, I want to make a real "go at it" to see some legislation brought down which will protect these people, and give them some of the advantages they were promised when they went in.

The very fact that they were established, points up the fact that they were given some assurance they would get services. Under the set-up, as it is now, we have no protection for these people. I think we should make some effort to "get across", to the staff members particularly, some of the very important points, in connection with which these people need some help. We set the thing up for them, and then we knock their feet out from under them.

MR. WREN: I agree with Mr. Mapledoram, one

hundred percent., on that.

I meant to say this morning that while we are up in that country, I would like it very much if the Committee could find the time to have some representatives of the Statute Labour Boards, and Municipal Associations present briefs to the Committee, outlining these problems.

MR. MAPLEDORAM: Speaking at the Municipal League at the Head of the Lakes, not so long ago, I was approached on that point.

I do not know whether you understand the Municipal League, as it is called in Northern Ontario. It is not political by any means. It is composed of representatives of all groups of people, rural people particularly, together with urban people. They are anxious to get before this Committee, not to make any investigation of the highways "scandal", if you want to put it that way, but they have some points to "get across", and they think this is a good means to do it.

I think there should be certain changes in the legislation recommended, if we are going to do a good job. I think we should meet this people, even if it was only at an executive meeting.

THE CHAIRMAN: I do not see any harm in that at all.

MR. JANES: I think that is a very sound

suggestion. If we have to stay there another day, that might be arranged.

MR. GRUMMETT, Q.C.: We might have an evening meeting with them.

MR. MAPLEDORAM: They will attend a night meeting, in the hotel, or most any place, just to get a chance to put their points "across".

THE CHAIRMAN: While we are there, we will be glad to meet any people, as long as we do not get into discussions on problems which we discussed this morning.

MR. MAPLEDORAM: This is more or less of a rural set-up. I am sure there will be no difficulty on that score.

MR. ELSON: We have not the details from Bismark, and probably will not be able to get them until late this afternoon. The information will be made available as early as possible.

Do you think it might be better to travel by bus on the roads, where the whole group could be together, and have somebody point out the different places of interest?

THE CHAIRMAN: That is an advantage.

MR. ELSON: There is the question of the availability of the planes, and their ability to land on

temporary landing fields, and so forth. There is a great deal of detail to be done on that.

THE CHAIRMAN: We have the first stop settled, anyway.

MR. ELSON: The first, is on the 3rd and 4th of June? That is Albany?

THE CHAIRMAN: Yes. Let us go over this once again, so that everybody will have the dates accurately. The 3rd and 4th of June at Albany.

Your next dates are what, Mr. Elson?

MR. ELSON: I have the 9th, 10th and 11th, for the Soo.

MR. JOHNSON (Secretary): That will be a motor trip up, and flying back from the Soo.

MR. JANES: We would have to leave here early in the morning?

THE CHAIRMAN: I suppose so.

MR. GRUMMETT, Q.C.: What time would you be leaving Toronto?

THE CHAIRMAN: We should get away early. What is the mileage to Sudbury?

MR. JANES: Two hundred and seventy-five miles.

THE CHAIRMAN: We would want to stop and have a look at three or four places.

MR. ELSON: Would you prefer cars for that?

MR. MAPLEDORAM: It is a long trip by bus.

MR. GRUMMETT, Q.C.: Would 9:15 a.m., Daylight Saving Time, be too late to leave here?

THE CHAIRMAN: That is pretty early for Toronto people.

MR. GRUMMETT, Q.C.: The train from the North, upon which Mr. Herbert and I travel, arrives here at 9:00 o'clock, Daylight Saving.

THE CHAIRMAN: Suppose we plan on leaving the Royal York at 9:30 on the morning of the 9th. Would that be agreeable to the Committee?

(Concurred in.)

THE CHAIRMAN: And the next, after that, on your itinerary, Mr. Elson?

MR. ELSON: That is the Group 2 trip, Bismark to Red Lake.

THE CHAIRMAN: That is the whole thing this time, Numbers 1 and 2?

MR. WREN: Do we go to Bismark first?

THE CHAIRMAN: I think the idea was to go to Bismark first, and then you would have only a one-way motor trip northward, ending up at Red Lake, and flying out of Red Lake.

MR. ELSON: We have not come even close to pin-pointing the details of that trip yet. We are working

on it now. Bismark is the first port of call?

MR. WREN: That is what date?

THE CHAIRMAN: Starting June 16th, which is a Wednesday.

Leaving on Wednesday the 16th of June, and going right through. It looks like a ten-day trip.

MR. ELSON: As far as I know, when the information is available, it will be sent out to each member of the Committee.

THE CHAIRMAN: It looks as if we are going to work pretty steadily up to the latter part of June. On the 28th, 29th and 30th, we want to be here working on the report. I think the Committee should be prepared to allot at least half of June to the affairs of the Committee, pretty well.

By the time we return from Albany, the latter part of our trips will probably be confirmed, and in the meantime we had better allocate our time along that line.

I take it, all members of the Committee will be proceeding to Albany?

(Concurred in.)

THE CHAIRMAN: Mr. Charles Dubin, Q.C., the special crown prosecutor in the prosecutions is here. I think the members of the Committee might like to meet

him now.

Have you anything else, Mr. Elson?

MR. ELSON: No, sir. We will get this out as quickly as we can, and I will liase with the Secretary, and get it out in the mail.

---- The informal meeting adjourned at 3:25 o'clock p.m.

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P R O C E E D I N G S

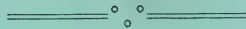
of the

**Select Committee of the Ontario
Legislature appointed to enquire
into matters concerning certain
Divisions of the Department of
Highways.**

MR. A. KELSO ROBERTS, Q.C., CHAIRMAN

PRESIDING.

MR. V. J. JOHNSON, SECRETARY.

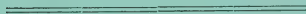


VOLUME V



Thursday, June 3rd, 1954.

ALBANY, N. Y. U. S. A.



F I F T H D A Y

Albany, New York
Thursday, June 3rd, 1954.
3:00 o'clock p.m.

- - - -

The further proceedings of this Committee
reconvened pursuant to adjournment.

PRESENT:

Mr. A. Kelso Roberts, Q.C., Committee
Chairman.

Hon. Dana Porter, Q.C. (Attorney-General)

Messrs: Dent,
 Mapledoram,
 Collings,
 Beckett, Q.C.
 Janes,
 Herbert,
 Grummett, Q.C.

Mr. R. L. MacTavish, Q.C., Committee Counsel

Mr. V. J. Johnson, Secretary.

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APPEARANCES:

Mr. M. A. Elson, Deputy Minister,
 Department of Highways.

Mr. John Walter, Construction Engineer,
 Department of Highways.

Mr. Duncan Gordon,	Management Consultant	
Mr. E. Burton Hughes,	Deputy Superintendent,	Albar
Mr. J. P. Ronan,	Executive Assistant to Superintendent	"
Mr. Robert R. Prince,	Department Counsel	"
Mr. Henry A. Cohen,	Director, Bureau of Contracts and Accounts	"
Mr. W. J. LaFleur,	Director, Bureau of Public Relations	"
Mr. George L. Nickerson,	Chief Engineer	"
Mr. Henry Ten Hagen,	Deputy Chief Engineer, (Canals, Waterways, Flood Control, Highway Planning, Town Highways and County Roads)	"
Mr. Vibert L. Ostrander,	Superintendent of Operation and Maintenance	"

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Mr. E. Burton Hughes, Deputy Superintendent,
chaired the meeting.

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THE CHAIRMAN: Gentlemen, I am very happy to
welcome you to our Department for the short time we may
be together.

Our Superintendent, Mr. Tallamy, regrets he
cannot be here to welcome you, but he is winding up the
final stages of a \$300 million bond issue, and, as you

can imagine, is rather busy.

I will have the members of our staff here to-day and to-morrow, if necessary. We have assembled a great amount of material that is used in formulating our highway needs and requirements. We have just had passed through the Legislature, the Statute providing money for a two billion dollar highway program, to take place in the next 7 years, after this report is accepted by the people at a referendum. I would very much like to have you take copies with you, and look them over, and they may suggest questions you would like to ask to-morrow.

We have assembled an organizational chart, a functional chart and a manual with respect to a number of people working on our highway construction, the manner and method of preparing for the construction, and the budgetary requirements. I presume you gentlemen have the same problem in your province.

We have the analysis of this budget, after it has been reviewed and passed by the Legislature. This manual also has other information in it.

We also have detailed information which you may like to peruse, as to the manner and method of advertising for contracts, how the proposals are submitted to our department, in regard to opening competitive bids, how

we immediately tabulate those bids, and make the information available to the public by press releases; how we advertise from time to time, as required by law, and other information. I think these things are all pertinent to the purpose for which your Committee was formed.

I regret that I cannot stay for the meeting but Mr. Nickerson will take the meeting over, and if there are any questions you desire to ask, we will do our best to answer them, and give you all the information we have available.

I hope your stay in Albany will be very pleasant, and I will now ask to be excused. (Applause)

---- Whereupon the gavel was relinquished by Mr. Hughes, and assumed by Mr. Nickerson, who continued as Chairman of the meeting, and the following proceedings were had.

CHAIRMAN NICKERSON: Gentlemen, if we start to tell our procedure in detail, I am not certain but it might be a long drawn-out proposition, possibly of interest to some, and not of interest to others.

I would like to ask the Chairman of your Committee right now whether you would prefer a question and answer period?

COMMITTEE CHAIRMAN ROBERTS: I think we would.

CHAIRMAN NICKERSON: If we can consider the questions in certain categories, possibly we could give you the information about our department which would be more helpful, than if we started out with a long text.

COMMITTEE CHAIRMAN ROBERTS: I think that would be a very useful way of proceeding. I know from what Mr. LaFleur told me this morning on the way in from the air port -- for example, I think Mr. Cohen, is connected with the constructing operations of the department, which is one of perhaps the important matters, into which we would like to enquire, and upon which we would like to get information as to procedures pending. If we could divide them into departments like that, perhaps that would be suitable. That may be a good one with which to start.

CHAIRMAN NICKERSON: We can do that, and take them up in any order of procedure you desire.

While we have been speaking, Mr. Ten Hagen, our Highway Engineer, has just come in.

COMMITTEE CHAIRMAN ROBERTS: If it meets with your approval, I would suggest we might be given the regular order of your procedure with respect to contracts, the letting of contracts, and the methods of how you control them. That is one of the problems with

which we have to deal.

CHAIRMAN NICKERSON: All right. If we assume, temporarily, that all of the ground work has been done, and the contract is ready for bids.

COMMITTEE CHAIRMAN ROBERTS: Could we have that from all of the departments, just in a general way, before you call for tenders, if that is not too detailed. I think "pre-engineering" is the term.

CHAIRMAN NICKERSON: That is right. We will start with the original conception of the project. It has been definitely set up on the program, we will assume.

We make ground surveys of every bit of the project. Sometimes these ground surveys are supplemented by aerial surveys, but the aerial surveys are not used as complete information.

We make actual ground surveys, which give us all the topographical data, and that information is sent in to the district office. We have ten districts in the State.

The data is plotted, a centre line is laid, and the grade is established.

At that point, when work permits, if we do not have too much of a load ahead, the soil exploration operations are immediately started, both to determine

the nature of the material in cuts, and also to determine the foundation conditions, as all necessary procedures would have to be made, to secure normal stability.

As soon as the line and grade are established, if there are structures involved -- I mean bridges or highways separation and in this department we consider anything less than a 20-foot span, a "culvert", and over a 20-foot span, as a "bridge".

When the lines and grades are established, we immediately send all pertinent information to our Deputy Chief Engineer for structures, for his suggestions in regard to the type of structures to be used, and what foundation information he wants.

As soon as that is indicated by the Deputy Chief Engineer of the district, we proceed with these crews to make the necessary sub-surface exploration for the structures.

As soon as that information is obtained, it is sent back to the Deputy Chief Engineer, who then proceeds with the design. Sometimes the design is made in his office; sometimes, if we are short of help, it is let out by contract, but under his supervision.

We have many consultants who are working for this department. They are generally listed as "consultants" but we consider them to be "contract designers";

in other words, they are doing the same work our men would do. They do not tell us what to do. We tell them what to do, and they proceed with the designing.

COMMITTEE CHAIRMAN ROBERTS: They are not members of your staff?

CHAIRMAN NICKERSON: They are not members of our staff, no. A great deal of the work is done here by the departmental force, but when we are crowded with extra work, we enter into these contracts for designing.

COMMITTEE CHAIRMAN ROBERTS: Do you consider it better to have people as consultants, than to do the work entirely within your own department?

CHAIRMAN NICKERSON: Now you are getting to a matter of personal opinion. There are many in the department who do not like the idea. We would rather do all the work ourselves, except for the fact that our personnel is limited, and with the extremely heavy program we have, we just do not have enough men to expedite the work as rapidly as we would like.

The Department of Public Works does the engineering designing for the Thruway, that is, the extra-curricular activity. We do all the designing for the various parkways. Mr. E. T. Gawkins is the Deputy Chief

Engineer of Highways, Parkways and Thruways. We have the Ticonderoga Parks Commission, the Westchester Parks Commission, and others. They do their own designing, as well as using their funds.

COMMITTEE CHAIRMAN ROBERTS: From your experience then, would you say that over the last several years you have been short-staffed in most of your important departments? Has that been a problem with you?

CHAIRMAN NICKERSON: You might qualify that by bringing up a time. For a long time we have been short-staffed.

MR. COLLINGS: Would that be through a lack of engineers coming on from the colleges, or a general lack of qualified men?

CHAIRMAN NICKERSON: Both. During the war the inference got around that civil engineer were going to be a drug on the market. We had a great deal of work with electronics, and a great many students were registering for electrical engineers and chemical engineers, with the result that there was -- and is -- a dearth of civil engineers.

Mr. Ten Hagen and I happen to be classmates, and we went back a year ago to our fortieth class reunion. We had back there for our fortieth reunion

more engineers than the total engineering graduating class in 1953. That indicates the shortage of engineers.

Secondly, we are all under the civil service, which sets up certain categories for rates of pay, and there is some question as to whether these rates of pay are high enough to attract enough of the new graduating classes.

On the other hand, if we let a contract for designing with an engineering firm, they are not bound by the rates of pay; they are only bound by what we are going to pay them for their work. If they pay their men twice as much as we do, that is up to them, and they are still working on a definite agreement with us. It is not a cost-plus agreement. They can work their men all the hours they want to, and can pay them any schedule they want to, as long as it is as good as ours, but they can pay them as much more as they think they have to pay. So we are in a way in competition with some of these other outfits; no question about that.

However, there are a number of very good construction engineering firms available and, generally speaking, we have had excellent co-operation with them, and excellent relations with them. However, we would still prefer to do all the work with our own force, if

possible.

I think we had reached the point of laying lines and ascertaining grades, and submitting the information to the structural department, to find out what sub-surface exploration they wanted, so the design of the structure could proceed.

While that is proceeding, the completion of the normal highway facilities is advanced, as soon as sufficient information is developed.

In regard to rights-of-way requirements, the Bureau in the district office is also put into operation. They go out and view the property, and they might come up with the suggestion that "here is a very difficult property", and it might be one which would be difficult to negotiate. They might advise a re-alignment, or they may have other suggestions, and those are taken into account in the designing. Generally that does not have wide application; it is the exception.

COMMITTEE CHAIRMAN ROBERTS: Do you resort to expropriation, if you do not succeed in negotiations, to take over these properties? Do you find that the price that you can handle becomes known quite rapidly, but it does not hold up your original plan?

CHAIRMAN NICKERSON: You mean, supposing we held that for a few months to complete the normal

procedure?

COMMITTEE CHAIRMAN ROBERTS: Yes sir.

CHAIRMAN NICKERSON: As soon as the plans have been advanced to the detailed stage, it is the general procedure in the district office to take the paper plan on which the work was laid out, with lines, and grades, profiles, cross-sections, and tentative drainage. These are not all big bridges, but normal culverts. We take the data to the field, and walk right over the job. It might take one day, or it might take three or four days. That is generally done. I am now talking about highways, but, to a large extent, that applies to thruways.

There may be three or four men involved, and they go over it step by step. If there is a particularly bad foundation, one with which we have had trouble before, they recommend putting in an extra depth of sub-base, and so forth, and they determine the effect of the development of the abutting property.

These notes are all turned back to the draughting room to re-consider, and, where possible, they are followed.

There might be a few exceptions where it is not policy to follow them for other reasons.

Then the right-of-way maps are prepared, and

it has been the practice in our department to prepare an individual map for each taking. For example, if this (indicating) is your road going through here (indicating), and the same owner may own on both sides, we would make a map for this side (indicating), and that side (indicating) in the taking.

That is laid out on the advanced plan, and again the Rights-of-Way Bureau goes out to view it.

Each one of these parcels eventually is identified by a figure, with an identification number, which shows right on the figures. This parcel is appraised. If the buildings are affected, they submit notes of the approximate damage to some of the buildings, take note of the toilet facilities, plumbing, heating and everything else that is in there, the condition of the building, the type of construction, and so on. An appraisal is then made.

Again the matter comes up as to whether a building, if it is affected, could be moved to a different location, or whether it should be razed.

That information is all set up by the Bureau of Rights-of-Way in the district office, and the estimates are submitted to the District Engineer for his approval. If he approves them, they are submitted to the Director of the Bureau of Rights-of-Way and

Claims at headquarters. He again reviews them. If necessary, he sends the men out into the field to view the property, and check the estimates, totals, and so on.

Then his recommendations are sent to the Deputy Chief Engineer, who reviews them in the field. His recommendations are sent to the Chief Engineer, and the Chief Engineer sends them to the Superintendent, so they really do get a reviewing.

That is just one phase of the work. We have found out when the time comes to negotiate for the acquisition of these various parcels, the system which is set up appears to be generally satisfactory. It covers industrial properties, residential properties, farm properties, and railroads. These latter are the tough ones with which to deal, on account of all their attorneys, and so forth.

I think the records will show that over 90 percent., of all these taking have been acquired by agreement, so our system must have some merit. If we cannot settle the details by agreement, then the owner has the recourse of going to the Court of Claims for final settlement. Many times, in the Court of Claims procedure, it is a friendly proposition. It is simply an honest difference of opinion. There is no question of holding

up the work, nor any particular bitterness involved, but they have honest differences of opinion, and they submit them to the Court of Claims. Sometimes, after it is listed for Court of Claims action, a settlement is made. So we are a little bit happy and proud of that system.

COMMITTEE CHAIRMAN ROBERTS: You do attempt to get at a real, fair value right at the start? You do not start below the real value?

CHAIRMAN NICKERSON: We try to determine a fair value.

There can be honest differences of opinion, and sometimes we hire an outside appraiser -- a neutral -- to come in and view the property, and give us his estimate of the amount of the damages.

COMMITTEE CHAIRMAN ROBERTS: If that before the owner has any knowledge from you as to what you would pay?

CHAIRMAN NICKERSON: No. That is the second stage. After we have got together with the owner -- or tried to; if we have not been able to, that would be a later step -- however, these rights-of-way maps are prepared, and the plans are prepared in the district office, and the structural details are prepared in the Deputy Chief Engineer's office. They are then sent to

headquarters office for grouping. We have a definite general set of specifications which we try to follow, but once in a while there will be some special circumstance involved, where we will write a special specification.

MR. JANES: What are your specifications for a state highway?

CHAIRMAN NICKERSON: That is the \$64 question. They vary. The general specifications are the same, but the standard varies, depending on the type and importance of the highway.

Our specifications are set out in a little booklet, about that long (indicating), and that wide (indicating), and the Field Engineers are supposed to be able to carry them in his pockets.

MR. JANES: And he has to decide, for instance, the width of the highway, and so forth?

CHAIRMAN NICKERSON: That is not specific. That is designed criteria.

The specifications cover the terms under which the contractor shall do the work, and how he shall be paid for it. In regard to the width of the pavement, the shoulders, and the setting of grades, are concerned, that will vary according to the type and importance of the road.

Later on, if you want to see these various -- "standards" -- as we call them, we will be glad to show them to you, and discuss them with you.

In this country, we have an Association of state highway officials, representing all of the 48 states and territories, and that Association has set up what they call "minimum standards for design". They have been generally adopted by the various states, and the Bureau of Public Roads.

MR. HUGHES: Those (indicating) are all the copies of these regulations I could get. I will have to have new prints made.

CHAIRMAN NICKERSON: I do not think they could absorb all these particular things, but it might be a good idea to have some more made.

MR. HERBERT: Can your Divisional Engineers change those specifications without higher authority?

CHAIRMAN NICKERSON: Yes and no. The District Engineer will write a special specification to meet a particular condition which develops, which he does not think the general specifications cover.

When the District Engineer submits the plan and the estimates to the headquarters office, he sends in his special notes, either on the plan, or by themselves. The headquarters office reviews them. They

say, "Why do you want this instead of that?", or, "Why do you not use item so-and-so, instead of a special?". It is up to the District Engineer to convince headquarters office that his reasons for changing are sound, in which case they are adopted.

MR. HERBERT: You check them with higher authority?

CHAIRMAN NICKERSON: That is right. This (indicating) is the contract proposal upon which the contractors bid. Back here (indicating) shows how they list their unit prices and their bid prices, and contract agreements, and so on, and so forth.

These are then sent to each one who wants to bid on a contract, and special notes are generally included. These may say, "Item 51-X will apply, except - ". That might be only a method of payment, or there might be extra manipulation items included in there which the contractor will be required to perform.

That is all in here (indicating), or -- in some cases "and" -- in the plan as well as in the proposal.

MR. HERBERT: Do you find many changes in the soil tests after the contracts have been awarded?

CHAIRMAN NICKERSON: Not major changes. We have minor changes. We say we have everything in New

York State that there is anywhere else in the world, except a desert. We have all kinds of climatic conditions, and all kinds of soil conditions, from the worst kind of clay to the toughest rock, and variations may occur every half mile along the road, depending on the location of the project.

If it is a re-construction job -- re-building a road, which has been built 15, 20 or 30 years before, and the Maintenance Department has found out where the weak spots are, they call it to our attention when getting out the plans. That is, after the plan review. However, we believe the ordinary sub-surface exploration generally answers the question. Once in a while there may be a situation, where you may have a covering of rock, or something of that kind, or you might have border-line material, where you can get slippage.

MR. HERBERT: Normally the tests are satisfactory?

CHAIRMAN NICKERSON: They do seem to work out.

COMMITTEE CHAIRMAN ROBERTS: I was going to ask Mr. MacTavish, Q.C., if he could study one of these contracts with somebody from your department?

CHAIRMAN NICKERSON: Mr. Cohen is the man to whom he should talk about that.

We have got down to our plans, and our preliminary estimates, which are based on unit prices, and they are submitted to the main office for grouping, and for advertising for bids.

MR. GORDON: How long would the planning stage be from the time you start to do your planning, until you call for tenders? I suppose it will vary enormously, depending on the urgency of the work.

CHAIRMAN NICKERSON: Yes, it will vary enormously. We would like to do it this year for next year's contracts. That is, make our surveys this year, do the design work, this coming winter, and let the contracts during the following season.

There are many items which could affect the estimates. One might be right-of-way, and another the soil situation, another might be about structures, or something like that. We would like anywhere from eight months to a year.

MR. JANES: Do you specify certain material? Suppose you are using gravel from a pit; do you inspect that pit, and tell the contractor he must use it, and he tenders on the consideration of using that particular material? Is that done?

CHAIRMAN NICKERSON: Yes. If it is a fine aggregate such as sand, or rock or gravel. We will say,

for concrete purposes, that we have many commercial sources we constantly test -- some of them once a year, and some even more often. So when we prepare these estimates for bid, the contractors know they are generally available.

We do not say, "You can go down four miles to John Jones and get rock there, you can crush", because most of our contractors buy commercial material. A great many of them do not even own processing plants, like crushers, any more. They formerly did. But they have found out it is cheaper to buy the commercial material. That cuts the labour overhead down considerably, plus the insurance provisions and everything else. They want to keep the labour costs down as much as anything.

Now, we will say we have this various data assembled, and we are advertising for bids. If a contractor is interested, he buys the proposal and a set of plans.

COMMITTEE CHAIRMAN ROBERTS: Is that a nominal charge, or is it fairly substantial?

CHAIRMAN NICKERSON: It is nominal for most jobs. It is on the basis of so much per sheet.

MR. COHEN: It usually runs about 50 cents a sheet, with a maximum of \$100 for the set.

CHAIRMAN NICKERSON: If a contractor is familiar with the territory, and has done work in that territory, he generally knows where these commercial sources are and he will contact these producers, and get a base price. If he is a stranger, the normal procedure is that he comes into the District Office and asks where there are available sources of material.

COMMITTEE CHAIRMAN ROBERTS: Mr. Nickerson, just at that point; before you call for tenders, have you in your plans decided on what would be the proper unit price, based on the total over-all costs, as you see them?

CHAIRMAN NICKERSON: Yes, we make up a detailed unit-price estimate in the District Office, and it is sent to headquarters office.

When the project is advertised for bids, only the total cost on a unit-price basis is included in the advertisement. If there are lump-sum items, such as clearing and grubbing, which is generally a lump-sum, or like pile-driving equipment, that is generally included in the information, but the unit price for excavation or for masonry enforcement, or concrete, or concrete pipes, or what have you, is not disclosed.

COMMITTEE CHAIRMAN ROBERTS: The total estimate is disclosed? The total amount is disclosed?

What you think the job should cost is disclosed to them all?

CHAIRMAN NICKERSON: Yes, that is right.

Then the contractor fills out this form (indicating), and he writes out his unit cost, and it is multiplied, and it gets into this last column (indicating), and then it is added up, and that is the total estimate.

COMMITTEE CHAIRMAN ROBERTS: He knows what the detailed estimates are, from your estimate, but not the unit price?

CHAIRMAN NICKERSON: He knows about the quantities for the various items we have in mind, but he does not know whether we are figuring 50 cents for excavation, or 75 cents for excavation.

COMMITTEE CHAIRMAN ROBERTS: We think that is something which is quite vital and which, in some respects, is rather important. Where would you get your unit price? Have you any system or precedent, that you go by, to establish unit prices, in your own books?

CHAIRMAN NICKERSON: Yes. They are what you might say "two-fold".

In the first place, seeing these are prepared in the District Office, the local engineer is most familiar with the work in the particular territory

involved, and with conditions and materials.

Also, we keep a running record at all times of bid prices, and at least once a year -- and sometimes more often -- we list all of these bid prices, and we say, "Now, the average bid price for such-and-such an item is so much. The average bid price is State-wide for the same items".

So we have not only a State-wide average price, but also our own experience in doing the work, supervising the work, and so forth.

MR. JANES: Is that information sent to each engineer and contractor?

CHAIRMAN NICKERSON: To engineers. The contractor does not get them.

COMMITTEE CHAIRMAN ROBERTS: You do a review of that sort, and then put in "x-cents" per cubic yard for excavation?

CHAIRMAN NICKERSON: Yes. As we submit it to the headquarters office, we put in our excavating total cost, but when it is submitted for bids, these two columns (indicating) are blank, and the contractor fills them out in that part of his proposal (indicating).

COMMITTEE CHAIRMAN ROBERTS: He takes your quantities, and puts in his own figures for unit prices?

CHAIRMAN NICKERSON: Yes.

MR. JANES: Would you say how that averages out? How close does it come to your estimate?

CHAIRMAN NICKERSON: The average would be about 17 percent.

MR. COHEN: Seventeen percent. -- about.

MR. MAPLEDORAM: Is that given as a sort of guide?

CHAIRMAN NICKERSON: Generally speaking, the total bid has to be less than our figures, and we find the reduction between the contractor's figures and ours is around 17 percent.

When we make up our figures, we have to include the cost of engineering supervision, so by the time he has shopped around for the best price on cement and other materials, labour costs, and so forth, it could be a 20-percent. cut, or it could be 10 percent., but I think the general average is around 17 percent. It might be a little higher at this moment. If he does not get under our figures, ordinarily, he does not get the job.

COMMITTEE CHAIRMAN ROBERTS: From your experience, which has been very extensive over the last several years, you feel you can figure sufficiently close to get contracts somewhere within that range of 17 percent., or less, below your estimate, and have the contract

completed in accordance with your terms?

CHAIRMAN NICKERSON: Generally speaking, yes. Once in a while we advertise a project, and get no bids. A contractor may tell us of certain difficulties which we may not have emphasized in our thinking. We find this.

A few years ago, one of the big contractors had a large contract on a main turnpike, and he said, "I will have six shovels available on such a date; will you have any excavation work for a shovel job?" I said, "Yes, in about six weeks". We got the job out and he never bid on it. This fellow was from down in lower Connecticut. He had been working in one county in the southern part of the State, and this job was up around Ticonderoga. Not getting a bid, I said, "What is the matter? You wanted a shovel job, and we got one out for you. Why did you not bid?", and he said, "It is too far from home".

Then he went out to California and bid on a job out there. He got a line on something there he thought was more attractive.

And besides bidding in California, he went down and bid on a dam job in that same State, where he thought the prices might be more attractive for the equipment he had available.

We find the contractors are sometimes hungry

for work, and sometimes they are not, depending upon whether they have equipment they have available they can put right back to work.

If a fellow has a job, and it is only half finished, but it looks as if he has enough to carry him through the season, he may not be interested in bidding on any other job, which is supposed to start in a month.

Sometimes they find what they think is a "joker", which they think maybe the department has overlooked, and they call it to our attention, and upon re-investigating, we might modify our estimate or our specifications, and re-advertise it. That does not occur very often.

I do not know how many contracts we average in a letting, but my guess would be there might be an average of ten contracts in a letting, with a letting every three weeks, and maybe from another letting, we might have a job which does not appear to be as attractive as the others, for one reason or another.

MR. HERBERT: Do you find some contractors bid too low, and cannot complete the job?

CHAIRMAN NICKERSON: Occasionally.

MR. COLLINGS: You are speaking of the 17 per cent. between your estimate of the job, and the low bid? What has been your experience, say, in the last 3 or 4

years as to the completed cost of the highway, compared with your estimate of the total? Could you say something, percentage-wise? Would it run 10 percent., or 20 percent., above your estimate -- the finished costs?

CHAIRMAN NICKERSON: No. Normal jobs under-run our estimates. That is, the contractor will bid under our preliminary estimate, and normally will have a decrease from the final agreement.

COMMITTEE CHAIRMAN ROBERTS: These quantity estimates, you find are usually maximum, rather than minimum?

CHAIRMAN NICKERSON: Yes. We estimate so many yards of excavation, and we round those figures upward to take care of contingencies, so we may come through in the final agreement with a reduction of excavation, or a reduction of quantities of some items.

Of course, that is so much saving, anyhow.

This, plus the fact that the contractor's estimate is under ours to start with, means that, generally speaking, they under-run.

Once in a while you hit a situation unforeseen by everybody, and you have to get out a supplemental agreement for increased costs. That is generally increased quantities.

MR. COLLINGS: That would not mean an over-run?

CHAIRMAN NICKERSON: Yes. You might have an increase, or over-run in one quantity, but you may have four or five decreases in other quantities, which would compensate for it, in dollars and cents.

COMMITTEE CHAIRMAN ROBERTS: You do such a thorough pre-engineering job, so that your estimates, as a result of that, are so close, that very rarely do you run into the situation where you have a lot of over-runs?

CHAIRMAN NICKERSON: I will say this; that very rarely do we run into any situation where we have final over-runs in any amount.

COMMITTEE CHAIRMAN ROBERTS: You would attribute that to the efficiency of the pre-engineering before the letting of the contract work?

CHAIRMAN NICKERSON: Wait a minute. If you start out with that, you will have my chest out so far, that you could not see second base.

We have been building state highways since 1898. Somewhere along the line we should have obtained some experience, whether we learned it, or absorbed it. We have a pretty good bunch of contractors. They know their business. They very often build roads just the same as someone would sell shoes. They know what their costs are, and over this period, I find we have been

able to estimate their cost figures. If they do not like our figures, they do not bid. The fact that they do bid must mean that they think they can make profit enough to pay their income tax, so our figures cannot be too wild.

COMMITTEE CHAIRMAN ROBERTS: Put it this way; when they bid, they appreciate that is what they are going to get on these jobs?

CHAIRMAN NICKERSON: They know that is the procedure.

MR. MAPLEDORAM: Does that work both ways? Do they get paid for what they actually do?

CHAIRMAN NICKERSON: Only for what they actually produce.

MR. MAPLEDORAM: You have a continuous check on that?

CHAIRMAN NICKERSON: Yes.

MR. JANES: I suppose once in a while you would change the curves or grade in a road after the contract was let? Do you ever do that?

CHAIRMAN NICKERSON: Yes.

MR. JANES: That would change the contract entirely.

CHAIRMAN NICKERSON: These changes are generally very minor.

Would it be satisfactory to you, gentlemen, at this stage to pass to the preliminary investigations, and the preparation of preliminary estimates, up to the bidding stage, which would be the next step?

COMMITTEE CHAIRMAN ROBERTS: There is one thing I want to ask you arising out of that. I think if I may ask this question, we might clear up these points as we go along, which may be a little collateral to the line you are following.

We have heard quite a bit about "classification of contractors", before they can bid on a contract.

MR. COHEN: Pre-classification of bidders?

COMMITTEE CHAIRMAN ROBERTS: Do you use that system at all in the State of New York?

CHAIRMAN NICKERSON: I think we had better hear from Mr. Cohen on that point.

MR. COHEN: We do not have what is commonly called "pre-classification of contractors". I think what you have in mind is that before a contractor is allowed to bid, he must submit a statement of his experience, assets, liabilities, and so forth, and if he is capable of doing a half-million-dollar job, he must prove that.

In this State, we do not have that. In this State, after a contractor is the successful bidder, he

is required to file with the Superintendent of Construction a statement of his experience, his assets, his banking situation, and the construction department decide whether that contractor, based on that statement, should get on with the job.

There is a formula the division uses, whereby a contractor must have at least 20 percent., in liquid assets. The fact that we owe him money on other jobs does not help. He must have available money, plus bank facilities, and must have 20 percent., liquid assets.

COMMITTEE CHAIRMAN ROBERTS: If it was \$2 million, then he would have to have \$400,000 liquid assets?

MR. COHEN: He will have to show that. And many of them produce a letter on a bank's letterhead, saying, "We will finance this contractor for so-much". He is then allowed to bid.

HON. MR. PORTER: Supposing he does not qualify, then do you have to call for tenders again?

MR. COHEN: We have been very lucky. I do not know -- Mr. Nickerson is closer to that than I am. The Deputy Superintendent has just walked in, and if my statement is not correct, he and Mr. Nickerson will correct it. We have in the past 14 years yet to meet a situation where a contractor was not given an award,

because he did not meet our financial requirements.

MR. BECKETT, Q.C.: Anybody is entitled to bid?

MR. COHEN: Yes.

HON. MR. PORTER: He would know he had to be qualified, and he would not bid unless he could satisfy you.

MR. COHEN: Mr. Nickerson referred to the fine group of contractors we have in this state. Most of them belong to the General Contractors Association, and this department has a joint committee with the representatives of the A.G.C., and they keep their membership informed. The relationship is excellent, and we get along beautifully, because they are well informed on every policy of the department.

That is why we do not have trouble with them about all their requests.

MR. JANES: Do you require a letter of credit with your tenders?

MR. COHEN: It depends on a man's financial position. We have some contractors who have so much money they do not even have to file a surety bond.

Every bid, according to our law, must be accompanied by a certified cheque, and that is the bid deposit.

MR. JANES: What is the percentage?

MR. COHEN: In highways, it averages about 5 percent., of his bid.

MR. MAPLEDORAM: On each bid?

MR. COHEN: He can bid on four or five contracts at the same letting, but he must have a 5 percent., cheque with each bid.

MR. COLLINGS: The 5 percent. cheque; does it come in separately, or with the tender?

MR. COHEN: It must be in the hands of the Chief Clerk, when he reads the bid. We always have a certified cheque with the bid, to make it a valid bid.

MR. COLLINGS: Is it necessary? Might he send a certified cheque in, in a separate envelope?

MR. COHEN: Yes. We have had the cheque at 9:00 o'clock in the morning, and the bid at 10:30. We take what we think is a liberal attitude.

COMMITTEE CHAIRMAN ROBERTS: Will you tell us how you handle the bids?

CHAIRMAN NICKERSON: If you will pardon the interruption; there was one thing I did not cover in leading up to this next subject.

When the District Engineer prepares his preliminary estimate and plans, and gets all these notes, and so forth, to submit to the main office, he also sends

in a list of the equipment required to process that work. So there is another -- you might say "hold", if you want to use that term -- which the department has when the contractor bids, as to what equipment he has.

COMMITTEE CHAIRMAN ROBERTS: Does that appear in the advertisement -- what equipment is needed?

CHAIRMAN NICKERSON: It is generally there.

MR. MAPLEDORAM: Is there any time limit put on the bids?

CHAIRMAN NICKERSON: Yes.

MR. JAMES: Would the contractor have to own the equipment, or can he rent it?

CHAIRMAN NICKERSON: He can rent it. He must have it available.

MR. COLLINGS: Can you tell us the total amount of work done in 1953, as far as the State is concerned?

MR. LaFLEUR: \$109 million, highways.

MR. COLLINGS: What is the number of employees?

MR. LaFLEUR: Eleven thousand.

MR. COHEN: That is Maintenance, as well as Construction.

CHAIRMAN NICKERSON: Put it this way; it includes engineers, clerical help, and stenographic help.

We have ten District Offices, as I have said, and I would say that the average total personnel in a District Office, including engineers, would be 175 or more.

MR. COLLINGS: Engineers?

CHAIRMAN NICKERSON: No. Of that 175, maybe 25 or 30 would be clerks and stenographers.

MR. LaFLEUR: Yes, I think that is correct.

COMMITTEE CHAIRMAN ROBERTS: How many qualified engineers would you say there would be in each district -- on an average?

CHAIRMAN NICKERSON: If you are talking about engineers as a group, which includes those less-experienced engineers, plus the supervisory force, right now I would think the average District Office, even including some of the districts which carry a lesser load, would be 150.

I was at the District Office in Albany, and before that I was in Number 8 in Poughkeepsie. If we had less than 200 on the engineering force, at least, we knew we were under-manned.

MR. COLLINGS: Can we get this clearly. Would you say you would have 1,500 engineers to carry out a program of \$109 million?

CHAIRMAN NICKERSON: I would think that is not too far wrong, when you consider the Headquarters staff

as well, which, you might say, takes in your tests of material, your bureau of soil mechanics, your bureau of landscaping, and all of the other bureaus. We can check that figure for you, and have it here to-morrow.

COMMITTEE CHAIRMAN ROBERTS: It would help us a great deal, if you would.

MR. JANES: Would this be the proper place to ask for a short resume of the department, that is, from the head down to your least engineer?

CHAIRMAN NICKERSON: I do not know. We started talking about bids. Do you think we have answered all the questions on that?

MR. COLLINGS: Of the 1,500 engineers, would they be looking after maintenance, as well, or just new construction?

CHAIRMAN NICKERSON: We will give you a breakdown of that to-morrow morning. Now, we are going to the next step.

COMMITTEE CHAIRMAN ROBERTS: We can come back to that to-morrow morning, if we require further information.

MR. COLLINGS: If you were doing a \$60-million program of new work, would you want to do it with the total of only 223 engineers?

MR. GRUMMETT, Q.C.: Two hundred and thirty-

eight, is it not?

CHAIRMAN NICKERSON: We would not in this State, according to our system of doing the work.

MR. ELSON: When you publish the contract price, does that include all the contract prices?

CHAIRMAN NICKERSON: Yes, for actually producing the finished result.

MR. ELSON: Would you include that in your bid? Are there two figures for the job in your department, like the contract costs and your own costs? Do you split it that way?

CHAIRMAN NICKERSON: No, we split it this way. In this State we have a civil service, and the employees are under definite rates of pay, depending on the various groups. They are all of one item, whether they are working on construction, or maintenance, or something else. They are in there for their pay, just the same. The appropriation is the same, whether the work is construction, or maintenance.

When we go to the Budget to ask for an appropriation for the succeeding year, they want to know something about our estimate costs, so when we prepare our preliminary estimates in the District Offices, we total the different types of work for the rounded quantities. Then we add a percentage for engineering.

This the contractor does not see, and we total that as the over-all cost of the project, for our own record, and not discussed with the Budget.

But we include the cost of advertising for the bids, and getting out the plans, blueprinting them, and so forth, and all those various items come in this addition price we figure we put on there for engineering and contingencies.

That is no business of the contractor. He does not care what the figure is.

MR. ELSON: So the 17 percent., average would be the percentage of your estimate costs, exclusive of your overhead, and the contractor's actual completed costs?

CHAIRMAN NICKERSON: Yes.

COMMITTEE CHAIRMAN ROBERTS: You endeavour to be very realistic about it? You are not trying to get the job done cheaply.

CHAIRMAN NICKERSON: That is right. It does not do the Department any good to break the contractors. They know we are not trying to get the job done cheaply, but they also know we are trying to get the job done, and when it is done, we feel they are entitled to a reasonable return on their investment. We are not in there to "chisel", but not trying to give

away any more money than we can avoid, either.

COMMITTEE CHAIRMAN ROBERTS: May I ask one other thing before you leave that point? If you regard it as confidential, that is all right, and if it is, please treat it that way, but could you give us some idea of the salary scales of the engineers?

MR. COHEN: It is all civil service. We have a schedule of grades.

CHAIRMAN NICKERSON: Most of the engineers do not think it is high enough.

MR. JANES: Mr. Chairman, when we get that information, that is, for the construction engineers, could you give us the same set-up for county engineers, and so forth?

CHAIRMAN NICKERSON: In this State, we have various forms of municipal government. We have towns which build town highways, and we have counties which build county roads, and the state, which builds state roads.

If you have an incorporated municipality, such as a village or city, it will, to a large extent, build its own streets. We do not have the same break-down information you are mentioning for units, except for the state.

In this State, also, we have in the county towns, a Superintendent of Highways, and he is responsible for

the county roads in the county, and the over-all supervision of the various town roads. He is an official appointed by the county board of supervisors.

COMMITTEE CHAIRMAN ROBERTS: It has nothing to do with your department?

CHAIRMAN NICKERSON: Not directly. In the towns, you have the Town Highway Superintendent, responsible for the town highways. He is an elected official.

The County Superintendent has a certain amount of influence over the Town Superintendent, as far as approving some of his budget, but if there is friction between them, the Town Superintendent might "thumb his nose" at the County Superintendent, and say, "I am elected, and you cannot get me out, without going through a certain procedure, or not having me elected next time."

On the other hand, the state appropriates certain funds for use of the towns and counties, and, therefore, the State Department has supervision over the expenditure of those funds.

We do not ordinarily put an Inspector out full time, but we have cursory inspections, to check up on these things.

MR. ELSON: Mr. Nickerson, may I ask one question? In respect to the 1,500 engineers; are they

all qualified engineers, or would that figure include rod men, chain men, and instrument men?

CHAIRMAN NICKERSON: It includes the whole bunch.

MR. ELSON: I think there might be a slight misunderstanding on our side, inasmuch as we refer to "engineers" as graduate or professional engineers.

CHAIRMAN NICKERSON: These figures we have given you -- the 1,500 or 2,000 -- include all grades. Many of them are fellows who come from high schools, and do not have a college education. Some may have had one or two years at a college; others are graduates; some are post-graduates, and some are professional engineers, and some are not. This takes in the whole group.

COMMITTEE CHAIRMAN ROBERTS: If we could get a break-down of those who are qualified as engineers, who have taken a recognized course, or something equivalent, that would give us comparative figures, and help us a great deal.

CHAIRMAN NICKERSON: To simplify that, we have two civil service grades in our state. The junior civil engineers and the associate civil engineers. The junior is supposed to be second in command on a project, with the associate engineer in charge, if it is a project

of considerable size.

On the other hand, the junior civil engineer may have a project of his own. I am speaking of construction -- or we may place him in charge of a survey party, or even in charge of a design squad.

We could have some still smaller projects. For instance, structures, where we might send out even lower men as senior engineer's aides, but for that, of course, we require men who have had considerable experience in the department. Whether they would have the rank or not, they would have the experience.

So it is a departmental requirement that for the grade of senior engineer, which is above the contract engineer, he must have a professional license.

For some time, we required that all associate engineers must have professional licenses, but we could not get enough of them, and we finally waived it, but now we do require them for senior civil engineers.

MR. GORDON: In our report, we have quoted two paragraphs. One concerning the engineers who are members of the Professional Engineers Society, the majority of whom are graduate engineers; some of whom have come up through the practical school, and have written the papers and been accepted, and are the holders of a professional engineer's licenses.

COMMITTEE CHAIRMAN ROBERTS: When you say "professional engineers", you mean "licensed engineers"?

MR. GORDON: Yes, but you do not have to be a graduate of a university; you can take a correspondence course or study at home, but it requires they pass oral tests, set by the Board of Examiners, or they write papers, and have discussions and various things.

Theoretically, when they pass through that routine, they are supposed to be the same as graduate engineers.

CHAIRMAN NICKERSON: They have interviews and written tests, both?

COMMITTEE CHAIRMAN ROBERTS: We would like to get the number of people in these classifications, which you use to do the job here.

MR. MAPLEDORAM: Mr. Nickerson, did I understand you to say that in this State you have no actual body of people set up to administer municipal roads? You have an inspector, who goes around.

CHAIRMAN NICKERSON: As an off-shoot of it. A couple of years ago they passed what we call the "Irwin Act", and appropriated over a period of years \$20 million to aid the towns for highway improvements, and certain requirements and specifications were drawn up for the type of improvement, which would make them

eligible.

It is not municipal, but it was so the towns which wanted to take advantage of this, would prepare standards, and send them to the District Offices for consideration, and from there to the Headquarters Office.

If their program was approved, they started work under a senior civil engineer, which puts them in the licensed engineers' group, and each District Office will supervise that work from a departmental standpoint. Each County Highway Superintendent, who is appointed by the County Board of Supervisors, also supervises the work, and has to make certain periodic reports. So that, while we have a full-time Inspector, we have a Supervisor coming from the District Office, plus the County Superintendent, to see that the work is properly done.

To give you a little better picture of our organization; ordinarily, our department is divided up into counties, except certain particular tax areas, where the work may pile up, and we have one man in charge of a county for the state. His title -- not payroll title, but departmental title -- is "County Assistant". In all counties, they are in charge of maintenance work on state highways within their jurisdictions. In some districts, and in some counties, he also supervises contract work in his immediate territory.

He also works with the County Superintendent of Highways. It may be their offices are in the same town, even just across the street from each other. They work together. I would say that in about 98 percent., of the cases they work very closely and harmoniously together. I know a District Engineer told me that when the County Supervisor went to see him, he had the County Superintendent with him. The County Superintendent happened to be one of our former employees anyhow, so he knew all our departmental work. They worked together very closely. There is very good co-operation, and, for that reason, pretty close supervision.

MR. MAPLEDORAM: Does your State subsidize the counties in regard to municipal roads?

MR. COHEN: There is an item in the Budget for county aid for county roads, and also state aid for county roads and town highways.

COMMITTEE CHAIRMAN ROBERTS: You gave us a figure of \$109 million on general roads?

MR. COHEN: State highway construction.

COMMITTEE CHAIRMAN ROBERTS: Besides subsidies, are there other types of grants?

MR. COHEN: There would be to a municipality.

MR. GRUMMETT, Q.C.: Would not the percentages be sufficient, Mr. Roberts?

COMMITTEE CHAIRMAN ROBERTS: I think the percentages would be sufficient.

MR. COHEN: It is set up in the actual sum. It would not be comparable. There is a formula set up in the highways alone.

These men come back to the department, and we are glad to give them a copy of The Highway Law, and specifications for 1951.

This (indicating) is a copy of The Highway Law of the State of New York, Department of Public Works, Division of Construction, and contains Public Works specifications as of January 2nd, 1951. In there you will find a great many answers to questions which are bothering you.

EXHIBIT NO. 19: State of New York,
D.P.W., (Division of Construction)
Public Works specifications,
January 2nd, 1951, as produced by
Mr. Cohen.

COMMITTEE CHAIRMAN ROBERTS: You have been very good about giving us these details, and I know it must throw you off the main line of thought you are pursuing.

CHAIRMAN NICKERSON: I think it would be more helpful if you interrupt to ask questions, as they occur to you, because in trying to give you a resume, we would probably slur over a number of things.

I think now we have come to the actual letting of our contracts.

COMMITTEE CHAIRMAN ROBERTS: Mr. Cohen has not had much to say, so far.

MR. ELSON: We will have a number of questions to ask him, too.

MR. COHEN: In the department we have three main divisions, first, the Administration Division, which is headed by the Superintendent of Public Works. In that Division he has various bureaux, one of the major ones being the Bureau of Contracts and Accounts. By way of information, it has about 200 employees in the main office.

There is also the Division of Contracts, headed by the Chief Engineer, Mr. Nickerson.

Then there is the Division of Operations, which is under their Superintendent, Mr. Ostrander.

The work I do is in the Bureau of Cost Accounting, and because it is under the Administration Division, I am answerable directly to the Superintendent of Public Works, who gives me orders of what the department expects.

Most of the procedure followed by the Division of Contracts and Accounts is set forth in the various laws under which we work. We work under The Highway Law,

the Public Spending Law, the Public Works Law, the State Finance Law, and a number of others. That will give you some idea as to where we find the procedure we are supposed to follow.

Most of your discussion to-day has been in regard to highways. The Highway Law, as you will see in the volume you will get to-morrow, contains over 400 sections, and the one we are particularly concerned with is Section 38, which lays down the procedure in minute detail.

In following out the procedure under The Highway Law, the Division of Construction sends to the Bureau of Contracts and Accounts a proposal in this form (indicating).

This proposal contains all of the information the contractor is supposed to have, in order to know just what the departmental requirements are regarding the letting of contracts. With it, there are several notes which are at variance from the printed specifications.

Then there are several pages which set forth the unit items, or the lump-sum items, whichever they are.

We get probably 100 of these in a good-sized project.

With these proposal forms, we get about 100 sets of plans. The whole planning is done by the Bureau of Contracts and Accounts.

John Jones, a contractor, wants to bid, so he waits for notice from the department, in order to prepare his bid. When these are sent to the Bureau of Contracts and Accounts, that Bureau prepares an advertisement, which is supposed to be published in the newspapers of the State. The law requires that notice shall be published in newspapers with general circulation in the county where the project is located. It goes further, and says if there are no newspapers in that county, then it should be published in newspapers in an adjoining county.

I point that out to show there is a great amount of detail in The Highway Law in regard to this procedure.

We are required by The Highway Law to set forth certain things in that advertisement. You can understand that, such as where the bids will be opened, and what time, and what project will be in that letting. We state the date and set the place in this building, and require the bids be in not later than 10:30, on a Thursday morning. The bids must be received in sealed envelopes, furnished by the department and, then, of

course, identification on the face of the envelope, so we can identify the contract, and it must be in the hands of the Bureau and stamped not later than 10:30 in the morning.

A bid received at 10:31 is not accepted.

We do not take the mailing stamp as the Federal Government does. That is, if a bid for a Federal contract is received, and the postmark shows it has been mailed before 10:30, it is accepted. It is the postal meter which decides whether the bid is in on time or not. For many years, before I came into the department, the dead line was established, and it is still maintained.

In the advertisement, as Mr. Nickerson told you, we state the estimated cost of the job. That is required by The Highway Law, because the Law provides if a bid is received in excess of the advertised estimate, that bid will not be accepted.

There is a provision in the Canal Law whereby 10 percent., excess is allowed, but under The Highway Law, the bid is limited to the advertised estimated cost.

When an estimate is too low, we probably would not get many bids on the project.

Once in a while -- in fact, very frequently -- we do get bids in excess of the estimate, and the highway

contractor will tell you, that he thinks it will cost more, and that, in his opinion, the estimate is pretty low. He uses that method to demonstrate his attitude toward that project.

At 10:30 on the Thursday morning, we receive these bids and we take them for public letting in one of these rooms, where we have quite an audience. The bidders are there, the insurance people, the bonding people are there, and at times we have an audience of from 200 to 250 people.

We have a Chief Clerk whose duty it is to assemble the envelopes into groups and announce the group he is ready to open, and he then proceeds.

We have another procedure which is interesting. We do not take the bids in any particular order, in fact, it is done in a very mystic way.

We have pieces of paper, and they are placed in an envelope, and we shuffle them, and, then take a particular envelope and proceed with the project.

A contractor may bid on Project No. 1. There is a chance he has other bids in that particular letting, so when we announce the man who happens to be the low bidder, we give him the opportunity to withdraw any other bids. He may be limited in his field to certain jobs. He may try again, and have as many as he can bid on

successfully. In very many cases that is what happens.

The bid is then turned over to a team which checks for unit prices, which we have prepared long before the bid was opened. The number of the unit item is listed, and the team of clerks writes down the unit item price on that particular bid. Then we compare the item prices, and the totals.

The next important step is the addition of all unit prices. It sometimes happens that the contractor made a mistake in figuring, and we may announce his total bid to be \$100,000, which shows him to be the low bidder, but we may find when adding the items together that, instead of being \$100,000, it may be \$120,000, which puts him out of the running. So until we tell the contractor we have checked his bid and found it to be correct, he is a very nervous man.

COMMITTEE CHAIRMAN ROBERTS: This is all done at one sitting?

MR. COHEN: All within the one day. We open bids at 10:30 in the morning. We have finished the first project, and we turn it over to the team, and they mark down the unit items, and we immediately send it on.

MR. ELSON: The envelope is slit by the Chief Clerk, and the amount is read?

CHAIRMAN NICKERSON: Yes, to those who are in attendance.

MR. COHEN: Suppose this (indicating) is the envelope. We get the envelope and cut the seal in front of this group. This (indicating) is the envelope the department furnishes. It is of good quality, and can stand a great deal of rough treatment. On the face of it is the identification by proposal number, and the name of the contract. As he opens it, the Chief Clerk checks the name of the bidder with the name on the envelope.

We have had a few mistakes, which have taught us to check the proposal further.

They are checked immediately, so we know we are talking about the proper contract.

Then the bid is read off by taking the figure in the last column. We then assure ourselves the bid deposit has accompanied the bid, and the Clerk will announce that "John Jones is the bidder, and, according to his own figures, he shows \$100,000, and accompanying the bid is his certified cheque for \$5,000."

COMMITTEE CHAIRMAN ROBERTS: You open them all, one after the other?

MR. COHEN: If there are five bids on Project No. 50, for instance, we open all five. Then we take

the next group. We go through them all with the same procedure.

COMMITTEE CHAIRMAN ROBERTS: You mentioned 200 or 250 people as being there. They would remain until the envelopes are open, and then do they disperse, or do they stay until the computation is finished?

MR. COHEN: Where we had a large contract -- I think it was a \$20-million project -- everybody stayed until it was read. They got through from three to ten that morning. Most of the audience left after the big one.

MR. JANES: Suppose your clerks find a mistake in the additions?

MR. COHEN: The whole matter is then referred to the Superintendent's office, and he will tell us what to do. We report to him. We tell him, "There is a mistake in the computation." That is something which cannot be corrected by us.

We try to maintain a very high standard in the handling of these, so there is no chance whatsoever of any contractor doing anything with his proposal once it is deposited.

As soon as the contractors find out who is pin-pointed, they want to withdraw their bids, which were filed at 10 o'clock. We have a procedure for returning

the bid to a contractor, and he signs a receipt for it.

During the last letting, we had a contractor come in at 10:24, and say, "I want to change my bid". He said, "In my new bid I have written earth, and I want to reduce my bid by \$11,000." I said, "That is none of my business; it is nice to hear that." However, it turned out that he was the low bidder and would have been still low if he had not changed his bid. I do not think he will lose any money on the job.

MR. JANES: Did you recall that tender, and take the next lowest bidder?

MR. COHEN: If we find a case where there is an error in computation, he is just not the successful bidder, and the fellow whose bid is regular, is given the award.

MR. JANES: The next lowest bidder?

MR. COHEN: We do not just say, "the lowest bidder", we say, "the lowest responsible bidder".

COMMITTEE CHAIRMAN ROBERTS: I can understand "the lowest bidder", but when you come to interpret "the lowest responsible bidder", could you give us some explanation of that?

MR. COHEN: Again I say we have been very lucky; we have never had to choose between a "low bidder" and a "low responsible bidder". We have been told by

the Department of the Attorney-General that a "responsible bidder" is the man who has, in the opinion of the Superintendent, the qualifications to do the work, and is qualified to do the job. If the lowest bidder is not a "responsible bidder", we do not have to make the award.

We have a policy in the department here, and no Superintendent, in my time, has ever made an award to the second bidder, except on maybe two occasions.

When a contractor submits a bid which, in all respects, looks correct, the award is made to that bidder.

Once in a while a man will write to the Superintendent, and say he made a mistake in his computation, that he is charging 15 cents for something which should cost 50 cents, and if he takes the job he will suffer a tremendous loss, then the Superintendent has the right to relieve the bidder from that bid.

COMMITTEE CHAIRMAN ROBERTS: He has to do that before he starts the contract?

MR. COHEN: We have it at various stages. You would be surprised how quickly they say there is a mistake, when there is a large gap between the lowest bidder and the next bidder. They were fearful they had made a mistake, because the next one was so much higher. It is surprising how many will tell you they made a

mistake, and yet they still go along and complete the job.

COMMITTEE CHAIRMAN ROBERTS: Do you ever come across the situation where a contractor has got well into a job, and comes to you and says, "I have made a serious mistake; what can you do about it?"

MR. COHEN: To the best of my recollection, no contractor has ever asked to be relieved after he has started with the work.

CHAIRMAN NICKERSON: Ordinarily they know within 24 hours, if they think they have made a mistake, and if the next bid is substantially higher than their bid, and they think they might have moved a decimal point one way or the other, they will start to have it reviewed. But I would say within 24 hours they would start the ball rolling, to have a discussion about the award.

COMMITTEE CHAIRMAN ROBERTS: Do you not actually get some cases, even though isolated, where, after a contract is well on the way, a contractor is complaining he is badly "in the red", and "what can you do about it"?

MR. COHEN: The Resident Engineer tells the contractor he must do a certain job in a certain way, and if the contractor thinks he will take a licking, he

can pull his men off the job, or he can file a protest with the Superintendent, but he then ~~must~~ continue with the work.

We have a number of different types of claims, and, in my time, there has been nothing of a serious nature develop as a result of a mistake later on.

Besides that, the contractor who takes the unit items in a certain area, has the bonding company becoming interested, because each job must be accompanied by a surety bond, and the bonding companies are very much interested and are at these lettings, to get the unit prices. They know who will get the bond, and the bonding company helps the contractors. That is to say, if he is low, and there is a substantial difference between No. 1 and No. 2

MR. GRUMMETT, Q.C.: Would not your own staff know of that?

MR. COHEN: Yes. There might be a difference in the amount of money.

We have some very interesting bids. We might think, for instance, that a bid was out of balance, and the contractor would take a licking, but they say, surprisingly enough, "Oh, no, we can do that job". It is checked in the Bureau of Contracts and Accounts, and also in Mr. Nickerson's office, so, between the two, there

is good balance.

COMMITTEE CHAIRMAN ROBERTS: You would not turn the lowest bidder down unless there was some other reason?

MR. COHEN: In some cases where the Superintendent has found the mistake was an honest mistake, before the work starts, and he is willing to relieve the contractor of his bid, he almost universally rejects the bid, and advertises again. The contractors, who are No. 2 or No. 3, are taken off because they have explained their figures to the Superintendent, and they never let it be known that the department has made an award to one on the list of lowest bidders.

COMMITTEE CHAIRMAN ROBERTS: You mentioned a moment ago that the contractor could walk off the job. That has many qualifications. He could only walk off the job because of a dispute in regard to the way the work is required to be done?

MR. COHEN: That is not quite correct. He alleges a breach of contract on the part of the State.

MR. JAMES: He would have no proof.

MR. COHEN: In this State he would have to go to the Court of Claims, if he thought he had been damaged.

The Court of Claims in this State being

sovereign, can only be used within the limits of the law. But when the Court was created, it was created to handle claims against the State only.

There are five Judges appointed by the Government, and they listen to claims against the State. One Judge hears it, and two Judges concur in the decision.

MR. GRUMMETT, Q.C.: If there are five Judges on the Bench, there must be a majority to give a decision.

MR. COHEN: No. The five do not sit, as a rule. One Judge decides, and two of them will sign the decision. You can have a court in Buffalo and another in New York, and one in Albany, and the Judges are spread around that way.

In nearly all other claims they go to the Supreme Court in this State, which is the court of original jurisdiction, but if it is a claim for money damages, they can go to the Court of Claims.

MR. BECKETT, Q.C.: That would be the first step?

MR. COHEN: They can go up to the Court of Appeals.

COMMITTEE CHAIRMAN ROBERTS: What about the bonding companies? Do you ever have to put them to the test?

MR. COHEN: Yes. Only last week, we found a

contractor was in a very bad way financially, and we knew he had not done any work on the job he had been on for months. Even when the weather was not inclement, he did not do any work.

We notified him and his surety to come to Albany, and we told them of our requirements, up to a certain point, and we told them that not only was it in the best interests of the State, but also in the interest of the officials of the department that the job be re-advertised and re-let.

I do not want to say that we have been pressing our luck, but in some cases we have been doing all right. Where the State has had to re-advertise, almost invariably there are excess costs, and the contractor is responsible for those excess costs, and the surety company has to pay it. Every one of our jobs must be bonded, even the sub-contracts. We have a performance bond, and labour and material bonds. The performance bond is for our direct benefit, to be sure the job is finished. The labour bond is to make sure that his labour will be paid. If the contractor does not pay his help, the bonding company will.

We have a right to adjudicate their claims between contractors, to "clear the decks". We do not retain anything from the contractor's estimate after

50 percent. has been passed. Then it is in regard to the final payment at the end, which involves the final return of the estimates --

COMMITTEE CHAIRMAN ROBERTS: You do retain the 10 percent.?

MR. COHEN: Yes, until the job is accepted.

MR. MAPLEDORAM: Do you satisfy yourself that all the contractor's liabilities are paid off?

MR. COHEN: No, only that the labourers shall be paid. On each estimate there must be an affidavit that the labourers have been paid.

MR. MAPLEDORAM: Nothing to do with business people?

MR. COHEN: Oh, yes, but they must file a lien against the contractor, and we get a notice of it.

CHAIRMAN NICKERSON: I remember going through a little hamlet at a cross-roads, where there was only one general store, and the contractor's superintendent had bought gasoline and a few other articles, and the storekeeper was a little reluctant to bill him at regular intervals.

One day I was over there, and he said, "Is there any way I can collect what the contractor owes me?", and I said, "I think so. What is it?". He said, "I think it is about \$300."

It happened that the contractor came on the job, and I got hold of his superintendent, and I said, "Do you owe the storekeeper down the road any money?", and he said, "Yes". And I said, "How much?", and he said, "I guess about \$300.". The contractor went down and said, "What do I owe you?", and the storekeeper told him, and he said, "Here is a cheque". From that time on, he could have had the whole store. They like to keep these cleared up.

Secondly, the business people need to protect their rights. If there is an account outstanding, they know when the job is nearing completion, and they go to the contractor, or tell the engineer in charge.

Sometimes the contractors, in order to do the work, will rent a site from one of the abutting owners, to set up his plant.

Our engineer, at the end of the job -- this is not official -- has the contractor produce a letter in writing from the owner that the contractor has settled up with him in accordance with their agreement. There are a number of ways for controlling that. But generally, the contractors know that must be done, and they want to be able to come back on the work again.

COMMITTEE CHAIRMAN ROBERTS: Can you give us some idea of what time you would like to adjourn?

CHAIRMAN NICKERSON: What time do you want to come back to-morrow morning?

COMMITTEE CHAIRMAN ROBERTS: I think any time that would be convenient to you.

CHAIRMAN NICKERSON: Whatever you wish.

COMMITTEE CHAIRMAN ROBERTS: Would another half hour this afternoon be all right?

MR. COHEN: I was a stenographer myself once upon a time, and I was wondering how your reporter is getting along.

COMMITTEE CHAIRMAN ROBERTS: We might recess for, say, ten minutes at this time.

CHAIRMAN NICKERSON: Very well.

---- Whereupon a short recess was had.

---- Upon resuming.

COMMITTEE CHAIRMAN ROBERTS: We might clear up the checking that is done in the field.

MR. COHEN: I was going to suggest to my friend on my right, who has had "umpteens years of experience", could start and I would be glad to take it up to-morrow morning.

MR. JANES: May I ask a question to follow that up? Let us consider where you do not have a responsible man tendering; what is your experience?

The contractors all know what the lowest tender is?

How would they operate then?

MR. COHEN: After we have rejected all the bids?

MR. JANES: Yes.

MR. COHEN: Most of the time we get the job for less, because then the contractors know what each one bids, and I think there is a little, shall I say, "throat cutting"-- as they call it in the fraternity -- and we get a lower price.

MR. MAPLEDORAM: With regard to bids; when you are bringing these things out at a public meeting, is there any information given out to the public, generally?

MR. COHEN: Yes, we issue a tabulation of every bid.

MR. MAPLEDORAM: Could a contractor not keep a list of those, and know what his competitors have done on a previous contract?

MR. COHEN: Yes, sir. We have mailing lists of people, and the people on that list get notices of lettings, and they keep copies of the bids.

MR. MAPLEDORAM: I suppose the bank people are interested in them?

MR. COHEN: That is a service we give in this State.

MR. JANES: How long have you been opening tenders in public?

MR. COHEN: Always. Ever since the department was created. In this State, I think we have been on a basis of competition for state business ever since we have had our Constitution.

CHAIRMAN NICKERSON: And many bulletins are issued concerning them. As these bids are read out, there are people who make notations, and afterwards they usually publish the item prices for all contracts.

For example, the New York Chapter of the A.G.C. gets out a monthly magazine, and not only lists the jobs which are listed to come up for bids, but lists the results of the bids which have been opened.

MR. MAPLEDORAM: What is your experience with unit prices? Have you found they are gradually going down?

CHAIRMAN NICKERSON: No.

MR. MAPLEDORAM: Or going up?

CHAIRMAN NICKERSON: Going up.

MR. MAPLEDORAM: Or holding steady?

CHAIRMAN NICKERSON: They have gone up.

MR. COHEN: We had a levelling-off for a short period, but they are now gradually going up.

MR. ELSON: Are you speaking of the lump-sum

prices, or the unit prices?

CHAIRMAN NICKERSON: The unit prices.

MR. ELSON: For every contractor's bid?

CHAIRMAN NICKERSON: Yes.

MR. ELSON: If a contractor's unit price was \$100,000, and after checking it, you found the price was \$120,000, would that be the new bid price, so if it was a supplemental, he would still have the contract?

MR. COHEN: Yes; under the law, we can correct his figures.

MR. ELSON: And if it was still the lowest bid, he would get the contract?

MR. COHEN: Yes.

MR. BECKETT, Q.C.: And the other contractors might not apply?

COMMITTEE CHAIRMAN ROBERTS: Mr. Mapledoram asked a question which was rather pertinent. You take your lists of different types of jobs required in the contract; is it possible you might or might not -- for example -- set a certain figure for the excavation of earth, but over a range of several years, might you not come down in unit price, by reason of mechanical improvements?

CHAIRMAN NICKERSON: I would not want to

answer that question without some qualification.

MR. JANES: I was going to ask if we could have a figure, over a period of years.

CHAIRMAN NICKERSON: One price might go up, and another might go down, due to the more modern methods of handling the work.

MR. MAPLEDORAM: Say you have ten good contractors bidding on an ordinary job; do you find them pretty close, or is there a large amount of difference?

CHAIRMAN NICKERSON: I think, generally speaking, we might call it close. I think we had a \$4-million-job in the last letting, and the difference between the lowest and the second bidder was \$22,000., and we have had jobs which were not of such magnitude, where the bids have been less than \$100 apart.

MR. MAPLEDORAM: One more point. Have you anything to do with setting the labour rates? For instance, do you, at any time, say they must pay a certain rate of pay for certain work?

CHAIRMAN NICKERSON: Absolutely.

MR. COHEN: Under our Labour Law, our department is required to furnish to the Labour Department a list of the classifications of labour. They will make a survey in each area to get the prevailing rate. We must include the prevailing rate. It is

not the Union rate, but it is the prevailing rate.

COMMITTEE CHAIRMAN ROBERTS: Would it be possible to set the unit price in the State under the headings, such as we use in normal contracts, up in our country, for example, "earth excavation", "rock excavation", and so forth?

MR. COHEN: May I say that rather than do that, I would like to be able to accumulate for you all the sheets showing the unit prices for as far back this year -- and maybe part of next year -- as we have, and that will show everyone of these items.

On each sheet we will furnish you, wherever possible -- and I think we can do that -- the proposal form, and by looking at the item numbers on these sheets, you can find it in the proposal form. This will be quite a volume, and will take a great deal of work to compile it.

COMMITTEE CHAIRMAN ROBERTS: I think it would give us a fair idea of the unit costs here, as compared with our own.

CHAIRMAN NICKERSON: This (indicating) says:

"The following minimum hourly rates are paid and established in accordance with federal and state laws and regulations."

These are listed with the minimums for the

different types of labour shown.

MR. MAPLEDORAM: Is there any check on the contractor to find out if he pays less than the rate?

CHAIRMAN NICKERSON: Yes.

MR. MAPLEDORAM: What happens if he does not pay the prevailing rate?

CHAIRMAN NICKERSON: He is immediately turned in for action.

MR. MAPLEDORAM: Would the State take the action?

MR. COHEN: Yes, we would have to. We are supposed to report to the Labour Department.

MR. MAPLEDORAM: Why I am asking this question is because there is a feeling in the northern part of the Province of Ontario, that due to the lack of work in a locality, the contractor will take advantage of the labourers in that particular locality to get his job done cheaply. He may not bid that way, but he may base the rate that way.

If there are no stipulations in the contract, we will say we presume the area rates will apply for that type of work, because the contractor, in areas where there is some surplus of labour, will have a decided advantage over the contractor who is bidding from, say Eastern Ontario, and does not know the Northern

situation.

CHAIRMAN NICKERSON: Our rates are established by localities, consequently, the contractor is required to base his rate so any of his employees can see they are getting at least the minimum rate.

MR. MAPLEDORAM: You never had a contract, where it says, "All the labour will have to be paid Union rates?".

CHAIRMAN NICKERSON: No.

MR. COHEN: We have had a few complaints where the contractor said, "You gave us the prevailing rate, but we cannot get any labour for that; we have to pay the Union rate".

We have taken out of the contract the term "prevailing", and have tried to substitute "Union rates".

We had a case, about two years ago, where a complaint was registered against a contractor with the Labour Department, that he had not paid the prevailing rate, but that was due to the fact that he had cheated these men out of about \$8,000, and the Labour Department sent a notice to the Comptroller asking that \$8,000. of that contractor's money be sent to the Labour Department.

COMMITTEE CHAIRMAN ROBERTS: I do not know whether you will want to start on "rates", with all the checks required to be made as you go along, until you

come to the final payment. Is it too late to-day for that?

CHAIRMAN NICKERSON: It is not too late for me, if you want to stay.

MR. GRUMMETT, Q.C.: It is 5:00 o'clock now.

COMMITTEE CHAIRMAN ROBERTS: We might start with that to-morrow morning.

MR. COHEN: I would like to have the Chief Clerk here, and if you could start with him in the morning, I would like to bring down an actual contract, with the estimates, and ask him to point out just what the procedure is.

COMMITTEE CHAIRMAN ROBERTS: On that point, if you could direct your thoughts to the chain of responsibility. When you say at the present time you have the District Office, and the information moves to the Head Office, and carries through, we would like, if possible, to get the chain of responsibility, and some information as to the extent the Head Office has facilities for making a check before it is finally passed, and outline some of the points where there might be a slip-up.

CHAIRMAN NICKERSON: That can be done.

MR. LaFLEUR: I wonder if some of your key men would like to read this (indicating) during the

evening, or to-night?

COMMITTEE CHAIRMAN ROBERTS: I think perhaps one or two of them may like to look at it.

MR. COHEN: I have here an In-Service Training Program, Session No. 2, which I have prepared, which you might find of interest to your Committee.

I have not any copies of it, but I will be glad to let you have this for your files.

COMMITTEE CHAIRMAN ROBERTS: We are glad to receive that, and it will be filed as an exhibit, and will be in the record, so the Committee members can read it at their leisure.

EXHIBIT NO. 17: "In-Service Training Program, Session No. 2," as prepared and presented by Mr. Cohen.

---- Exhibit No. 17, produced and identified, is in words and figures as follows, to-wit:

(Page 773 follows)

"Most of the people who work in our Department are made aware of the importance as well as of the variety of our contracts quite soon after reporting on the job. Two of the three major functions we perform are the construction of highways and the construction of public buildings; the maintenance of all public works that are under the jurisdiction of the Superintendent of Public Works is the third major function.

The Division of Operation and Maintenance performs practically all of its functions by the employment of skilled and semi-skilled personnel, and also by hiring a large number in the labor class. The important contracts for this Division are those for special services in the maintenance of the public buildings. As this discussion is on the broad subject of contracts, we are concerned, then, with the Division of Construction principally.

A partial list of contracts in addition to highway and building construction projects, includes those for consulting engineers, the sale of buildings that must be removed from highway rights of way, railroad grade crossing projects and flood control projects that are undertaken by the State in cooperation with the federal government. There are numerous miscellaneous

forms of contracts in which we are interested, but for the purpose of this discussion, it is believed to be appropriate to talk mainly about the usual and most numerous contracts.

It is a generally accepted principle of public works to look for bids by advertising. In our work this principle is definitely established by the laws which guide our functions. For instance, the Highway Law requires the advertisement for proposals once a week for 2 successive weeks in newspapers that are published in the county where the construction or reconstruction is to be done. The Public Buildings Law calls for advertising in a newspaper in Albany and in such other places where the Superintendent may decide. The State Finance Law calls for public advertisement for bids for any public work that is estimated to cost \$2,500 or more.

About the only authorized exception is the so-called "short form contract" but that is limited to work costing up to \$1,000. It is important to understand that the use of the "short form contract" is not permitted by the Superintendent of Public Works for all jobs costing less than \$1,000. Ordinarily, this form of contract is reserved for special or emergency jobs when conditions do not permit the time required for advertising

and the \$1,000 limit is applicable.

The advertising for proposals is supplemented by the mailing of notices to bidders and to others who are interested, as for instance, the material men, whose names appear on the highway construction mailing list or on the building construction mailing list, as the case may be. While the Bureau of Contracts and Accounts in the main office does everything possible to make this mailing list work satisfactorily, the firms whose names are on the lists are informed that no guarantee of delivery of the mail is possible. So, it is fair to say that proposals or bids, whichever term you prefer to use, are usually sought through advertisements in the newspapers.

The detail of providing a contractor with the correct proposal form upon which to make his bid has grown in importance lately, as our construction program has been expanding. It is found necessary once in a while to make a change in the first issue of the proposal form, the plan and the specifications. Maybe a recent experience will serve as a good illustration of the care that is required to get the proper proposal form, plans and specifications in the hands of a prospective bidder when he asks for these papers for a particular job.

The experience to which I refer has to do with

a highway construction project in which a certain type of a mall was specified when the plans were first prepared. It seems that a certain contractor got a set of proposal forms, plans and specifications, but he did not submit a bid; in fact, no bids were received for this project. Upon a review of the plans, our Division of Construction decided to offer the construction of the mall by the successful bidder upon an optional basis; the contractor could choose to provide either type of 2 suggested malls, and, thereupon when the change was made to allow an optional type of construction, the job was re-advertised. This particular contractor did not return the first set of proposal forms, plans and specifications, as we usually ask and expect him to do, but he changed only the date on the cover of the old proposal form and sent in his bid. His was the low bid, but because he used the original proposal form and not the amended form, it was necessary to reject all bids and re-advertise the job again. The delay, and the disappointment to the locality where the contract was to be performed far outweighed the cost of the re-advertising. It does not help the situation when the contractor blames the clerk and the clerk blames the contractor.

It is appropriate, therefore, to bring to the attention of all Department personnel who handle plans,

proposals and specifications that there are two essentials in the particular function that must be rigidly performed. The first essential is to distribute to bidders the latest proposal form, plans and specifications. The second essential is to insist upon the return of proposals forms, plans and specifications that were not used, whether by reason of withdrawal of the project, rejection of any bid, or for any other reason.

When some contractors have an idea that a project which has been withdrawn will be re-advertised, the tendency is for them to retain the proposal form, plans and specifications until such re-advertisement. The Bureau of Contracts and Accounts tries to discourage the practice mentioned, because of the probability of a revision of the original proposal form, plans and specifications and also because of the procedure for refunds of deposits for plans.

Specifically, any proposal form, plan and specifications that is not used in normal procedure should be returned by the contractor promptly. The packing and mailing of the papers in regular procedure is merely a routine function as compared with the difficulties that are created by the use of forms and papers that have been revised after the sets were originally issued. Whenever an opportunity to tell these facts to

a contractor presents itself, the Bureau of Contracts and Accounts does everything possible to explain the situation. This case is a typical example of the undesirability of attempting a short cut in the use and the filing of a proposal, whether that short cut is initiated even with the best intentions, by a Department employee or a contractor.

Too much emphasis cannot be placed upon the requirement of bidders to deposit their bids in sealed envelopes at the Department's office by a certain hour. Thus, if the advertisement calls for bids up to 10 a.m. on a certain date, a bid will not be received one minute after 10 a.m. on that date. Next to the timely deposit of bids, the important thing is to keep them safely, securely and secretly and then to open them in public in plain sight of all who are interested in the bid opening. The integrity of the Department's bidding procedure is tested from the time a bid is delivered to our custody to the time when it is opened in public. Be assured that our safe-keeping facilities like the official bid box are well secured and protected. At the bid opening, tabulations are prepared which are very quickly mimeographed and distributed to everybody who should have a copy or is interested in one.

The tabulation of each bid is then referred to

the Chief Engineer of the Department for recommendation as to award. If the Chief Engineer urges the rejection of bids, then of course, no contract is prepared and it follows that re-advertising may take place soon thereafter. But for the purpose of this discussion, we will assume that the Chief Engineer recommends a proposal for award, whereupon the contract form is prepared for execution by the successful bidder.

The path of processing after the agreement has been prepared and is ready to be sent to a successful bidder is interesting. In highway contract procedure there are seven steps from the assembling of the document to the delivery of the executed copy to the contractor. Building construction contracts advance through eight steps up to the time of delivery of the completed contract to the contractor. While the Bureau of Contracts and Accounts lends every assistance to expediting the papers, the way is long and, sometimes, tedious, but there is a valid reason for each step. Each Department having an interest in a State contract, must perform its function when it reviews that contract. Usually a highway contract is advanced by these steps, viz: Upon opening the tabulating each bid, the figures are sent to the Chief Engineer of the Department for his recommendation as to the award. If an award is recommended, then the

contract agreement, together with a copy of the contractor's proposal, is sent to the Public Roads Administration for concurrence in the agreement, which is followed later by the signing of a so-called "project agreement". Of course, this step is not necessary if no Federal moneys are to be used in connection with the project. The project agreement is the formal document by which the Federal Government agrees to share in the construction or reconstruction of the highway by Federal aid. Following this latter step, the proposed contract is forwarded to the State Comptroller for approval as to funds, and when so approved, the contract documents which include the contract agreement, copy of the proposal and forms for the various bonds are sent to the contractor for execution. When the contractor returns the signed papers and the bonds for faithful performance on his part and for guarantee of labor and material costs, the approval of the office of the Attorney General is sought to be sure that the execution of the papers is proper.

With this approval and a recommendation by the Director of the Bureau of Contracts and Accounts, the document is forwarded to the Superintendent of Public Works for his consideration. When the Superintendent of Public Works has signed the contract agreement on behalf

of the State, the original set of papers is filed with the State Comptroller and duplicates or copies, as the case may be, are furnished to the contractor, the main office of the Department and the district office.

From this point on, our reference number is superceded by the Comptroller's number, for instance H.C. 1105. The Comptroller's number must be used in all papers and correspondence.

When the contractor progresses his work of highway construction, the Department's engineer who is assigned to inspection of the work prepares the estimates for payment to the contractor. Monthly and final estimates on Highway, Bridge and Grade Crossing contracts are prepared on Form All9A, Sheets 1, 2, 3 by the engineer who is assigned to the project as the Department's representative. In computing amounts of work done, the unit prices bid are used. All Estimates are made from actual quantities of work performed and materials in place as determined by the Engineer.

No monthly estimate should be rendered unless the work done equals 5% of the contract amount, and in no case, should an estimate be made for less than \$5,000. All monthly estimates are dated as of the second Saturday of the month.

Estimates are certified by the Engineer-in-

Charge and approved by the District Engineer, and on State contracts 3 copies are submitted.

Federal Aid contracts require the preparation of 4 copies. In Grade Crossing contracts 8 copies are required.

No payment on monthly or final estimates is made until the Superintendent of Public Works is satisfied that all laborers employed on the work have been paid for their services for the last payroll period preceding the monthly or final estimate. Required to accompany the estimate are labor affidavits of contractor and of subcontractors employed during the period embraced in the estimate. Labor affidavits must be signed in the case of an individual or partnership by the sole proprietor or a co-partner as the case may be. In the case of a corporation the verified statement must be signed by an executive officer of the corporation on behalf of the corporation.

Acknowledgment by Notaries Public who are not authorized to act in New York State must, as to the first acknowledgment on an affidavit furnished this unit, have a certificate of authentication from the Clerk if the County is out of the State of New York where the Notary Public is authorized to act.

Upon receipt of estimates in this unit, the procedure is as follows:

1. Estimates are recorded on individual card index for the contract.
2. Third copy of estimate on Federal Aid Contracts is forwarded to the Revenue unit for preparation of reimbursement voucher to be submitted to the Public Roads Administration, Federal Works Agency.
3. Lien Docket is examined for assignments of monies or liens against each contract.
4. Records of approved subcontractors are checked. If work under subcontract items has been performed during current period labor affidavit is required of subcontractors.
5. Insurance record is examined; where necessary, attention of the Contractor or subcontractor is called to maintenance and keeping in full force and effect, the insurance coverages required under the terms of contract agreement.
6. Amount due to contractor is entered on Sheet No. 2 of estimate with the appropriation chapter as shown on the contract account.

On Federal Aid Contracts the costs of each Federal Aid project are prorated on basis

of percentage of participation shown on the contract account.

Where a municipality participates on contract its share of cost is included under appropriate authority.

7. Requisitions are drawn on the State Comptroller to contractor or assignee based on costs shown and recorded in Requisition Book and on Contract Account.
8. Payroll Reports submitted by the District Engineer on each Federal Aid contract are examined by the checking section prior to advancement of estimate for payment. The report for the preceding month must be on file in that section.
9. Estimates are approved by Deputy Chief Engineer and Director of Contracts and Accounts or Chief Accountant.
10. Original estimate with labor affidavits is forwarded by letter to State Comptroller for audit and payment. Duplicate estimate is retained in our files. Upon receipt of Comptroller's warrant, the date of payment and warrant number are recorded.

After the contract has been completed and accepted and pending the payment of the final estimate, payment up to 75% of retained percentage is made, if the district engineer so recommends.

When the work embraced in the contract is not completed on or before the date specified in the contract, engineering charges incurred by the State upon the work, from the completion date originally fixed in the contract, to the final date of completion, may be charged to the contractor and may be deducted by the Department from the final estimate.

Upon approval of final agreement by Deputy Chief Engineer, Director of the Budget and State Comptroller, the Contract account including all Advertising, Engineering and costs incurred, is closed and a certified copy together with final receipts, acceptance papers of Department and final estimate is forwarded to State Comptroller for audit and payment.

For the past several minutes, this discussion had to do principally with special procedure and the rules pertaining to estimates for highway contracts. Now, we will devote a little time to the procedures that are applicable to building construction contracts.

The State Finance Law contains several interesting requirements for specifications for building construction projects. The one that must be kept

particularly in mind by the State Architect is the statutory rule of separating specifications when the entire cost of the work is more than \$25,000. That rule requires separate specifications for each of the following three subdivisions of the work to be performed, viz:

- (1) plumbing and gas fitting
- (2) steam heating, hot water heating, ventilating and air conditioning apparatus
- (3) electric wiring and standard illuminating fixtures.

"Separate specifications must be so drawn as to permit separate and independent bidding upon each of the above three subdivisions of work".

Our Department carries these projects from the preparation of drawings and specifications through acceptance of the work and approval for final payment whether the work is for our Department or one of the other State Departments. The Public Buildings Law now authorizes any other Department head to ask the Superintendent of Public Works to handle all of the details of construction and alteration of buildings under the jurisdiction of the other Department. Since 1945 when the law was so amended, practically all of the other departments have asked our Department to carry on the details and it is an improvement over the previous method. The

Conservation Department and the park authorities are not required to get approval by our Department of buildings and facilities. Regional authorities and historic agencies are also included in that exception. Necessary action in the Conservation Department is taken upon advice of the State Council of Parks and upon approval of the Conservation Commissioner.

There is one distinction between highway contracts and public building contracts that ought to be brought out at this point. In a highway contract the bid is based upon unit items. For instance, excavation of a certain type could be bid at say, \$1.00 per cubic yard; guide rail could be bid at a certain price per foot. And, when payment is made for any of these items, the amount is determined by multiplying the bid price per foot by the number of feet of the item as installed. In a public buildings contract, the bid is based upon a lump sum and the amount paid is determined by the value of the material or equipment as installed in the building or the project. Generally, the final cost of a highway contract is ascertained by the final measurements of the work and materials; while the final cost of the building construction project is the amount fixed by the bid, unless, of course, there have been additions or reductions in the work.

Upon completion of the contract documents for building construction projects, 12 sets are made ready for distribution, of which 4 sets bearing original signatures are distributed as follows: 1 to the contractor, 1 to the Department having jurisdiction of the building, 1 to the State Architect and 1 for the Bureau of Contracts and Accounts. The remaining copies are for field and other office use.

Applications for payment to the contractor or estimates for that purpose on form E-32-A must be accompanied by a certificate by the State Architect on form E-40-A. If partial payment is to be made, 3 signed copies of the detailed estimates are required.

Payments on contracts are made on the following basis, viz:

The State retains fifteen per centum of the amount of each progress payment up to the point when the contract has been satisfactorily completed in accordance with the plans and specifications relating thereto to the extent of fifty per centum of the value thereof. From the point when the contract has been completed to the extent of fifty per centum in value thereof to the point when the contract has been satisfactorily completed in accordance with the plans and specifications relating thereto to the extent of seventy-

five per centum in value thereof, the state retains ten per centum of each progress payment.

When upon a certificate that the contract has been satisfactorily completed in accordance with the plans and specifications relating thereto, to the extent of seventy-five per centum in value thereof, the contractor is entitled to be paid forty per centum of the then retained percentages of moneys earned under said contract in addition to the installment payable to such contractor under the terms of the contract.

From the point when the contract has been satisfactorily completed in accordance with the plans and specifications relating thereto, to the extent of seventy-five per centum in value, to the point, when upon the certificate of the Superintendent of Public Works that the contract has been finally completed in accordance with the plans and specifications relating thereto, and has been accepted by the State, the State retains seven and one-half per centum of each progress payment.

If the contractor makes any reservation in the signing of the final application for payment as to possible Court of Claims action, and settlement cannot be reached by the State Architect and contractor in conformance with contract requirements, the Bureau of

Contracts and Accounts disregards such reservations, verifies the computations and, if correct, processes the final estimate for payment.

At the completion of a contract, the State Architect notifies the Department having jurisdiction that the work has been completed in accordance with contract plans and specifications and requests authority to issue a final certificate. This certificate when issued by the Director of Contracts and Accounts constitutes acceptance of the work by the State.

Final papers sent to the Comptroller include:

Final estimate or certificate (signed by the
State Architect and by the Director or
Chief Accountant)

Labor Affidavits

Acceptance of contract by Department having
jurisdiction

Statement of contract certified by Director
or Chief Accountant

Up to this point we have discussed rules and procedure. Now it is appropriate to emphasize that rules and procedure must be so applied as to speed the contract to completion and also to pay the contractor with the least possible delay.

The processing of a contract from the time of

the letting to the delivery of the completed document to the contractor has been described previously in this discussion as being long and tedious. However, by a follow-up or reminder system, the Bureau of Contracts and Accounts urges the contractor and the Public Roads Administration and the State Comptroller's office to hasten the handling of contracts whenever it becomes necessary to do so. It happens, too, that some contractors take more than a reasonable length of time to have the papers signed and the bonds set up. Yet, one of those contractors is likely to wonder why he does not get his completed contract promptly after he sends it to the main office. Our job is to get the contract papers through all the steps as quickly as possible. This is one of the services of the Bureau of Contracts and Accounts, and good public relations depend upon the effort we make to get this part of the administrative work done. If we succeed in our efforts, then our work performance is commendable. However, if the results are found only in delays and excuses, then great harm comes to the Department. Reputation is built upon performance and performance depends upon alertness.

Assuming, then, that we make a good record in processing contracts, the next important duty is to pay

the contractor on time. His employees and the material men expect to be paid regularly and as promised. If the monthly estimate on a highway project is made ready as of the second Saturday of the month, the engineer who prepared it, has the obligation of seeing that it reaches the District Office on time. That, too, is part of the job of getting the estimate started in the field office. Responsibility for progressing the estimate from the district office to the main office is just as important a link in the chain of the procedure as is making up the estimate in the field. If that responsibility is executed promptly, then the estimate will be moved on to the main office in short order. Finally, the Bureau of Contracts and Accounts has the duty of getting the estimate to the State Comptroller's office for payment.

Throughout the entire discussion, time and only time has been emphasized over and over again. Those of us who handle the details know how time consuming each step in the procedure can be. Against the running of that time is the day of the contractors' reckoning with his payrolls and the bills for materials. Equipment operators and other construction forces who work for the contractor have no interest in and less patience with excuses for failure to get paid on time.

The contractor should be allowed to devote every effort to the performance of his contract. He, too, has a completion date to meet or he may well be subjected to engineering charges because of delay. If we do not have his funds in his hands when he needs the money, his task is over-loaded and the results do not help us or him.

It is hoped that this discussion has given you enough of that which goes on both front-stage and behind the scenes. Each one of us has a special place in the line of procedure and in the responsibility to keep ahead of any jam. With a great construction program ahead, we have a challenge to meet and by years of reputation as a standard, we can do it again."

CHAIRMAN NICKERSON: Then it is agreed, we adjourn now until to-morrow morning?

COMMITTEE CHAIRMAN ROBERTS: Yes.

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----- Whereupon at 4:55 o'clock p.m., the further proceedings of this Committee adjourned until Friday, June 4th, 1954, at 9:00 o'clock a.m.

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